



Bosnia & Herzegovina

Municipal and Economic Development Initiative (MEDI) Project: Final Report



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Cover page photo:

US Ambassador to Bosnia and Herzegovina **H.E. Richard Bond**, Mayor of Zenica **Mr. Zakir Pašalić**, and USAID Mission Director **Mr. Howard Sumka** officially inaugurate the new Zenica Municipal Customer Service Center on 21 January 2004.

Acronyms and Abbreviations

AMFO	Association of Micro Finance Organizations
BiH	Bosnia and Herzegovina
BTC	Business Transaction Center
CC	Call Centers
CDC	Community Development Corporation
CSC	Customer Service Center
DC	Development Center
EBRD	European Bank for Reconstruction and Development
EURED	European Union Regional Economic Development
GPI	Governance Performance Index
GTZ	German Development Agency
IC	Information Center
LG	Local Government
MEDI	Municipal Economic Development Initiative
MKO	Mikro Kreditna Organizacija
PI	Performance Index
PPP	Public Private Partnership
PSC	Professional Service Center
REDI	Regional Economic Development Initiative
REZ	Razvojni Ekonomski Zajednica
RNE	Royal Netherlands Embassy
SERDA	Sarajevo Economic Regional Development Agency
Sida	Swedish International Development & Cooperation Agency
SME	Small and/or Medium-sized Enterprise
UNDP	United Nations Development Program

1. SUMMARY

1.1 Executive Summary

In 2001, five years after the Dayton peace agreement, the context and challenges in building an economic base, promoting good governance and establishing public-private partnership in the ethnically mixed Central Bosnia region between Travnik and Sarajevo¹ were representative of the complex challenges that existed in rebuilding communities throughout BiH. These challenges included, but were not limited to:

- Accommodating the influx of minority returns that took place in 2000;
- Enhancing the capabilities of local municipal government;
- Increasing the existence of relatively few ethnically mixed participatory associations;
- Reducing the amount of obstacles to small business development; and
- Promoting progress in community services rehabilitation.

These challenges to overall efforts by national and international stakeholders in Bosnia and Herzegovina in bringing stabilization and prosperity to the country were at the same time the leading ideas behind the Municipal and Economic Development Initiative project.

The country lacked well managed, multi-ethnic participatory associations, especially “home grown” and financially liable small business and trade associations that could act as meaningful advocacy groups and be partners in development of their local communities with municipal government.

Serious research projects had detected weaknesses in local government structures and practices, especially inadequate interaction between citizens and their local governments in terms of monitoring, advocacy and simple communication, and lack of adequate training and skills of municipal employees and mayors to ensure proper functioning of local government.

Lack of economic opportunities, obstacles to small business development and huge needs in complementary activities in housing sector rehabilitation after the major activities of international donors in reconstruction of housing for returnees had mostly been completed, gave additional lead to MEDI activities.

MEDI concentrated on following main objectives:

1. Strengthen civil society in Central Bosnia through the creation and growth of **multi-ethnic citizens associations**.
2. **Strengthen** the administrative and management systems of the **local government**.
3. **Increase economic opportunity** and improve the quality of life for residents in Central Bosnia, facilitating the return of refugees and internally displaced persons and
4. Apply lessons learned from the adaptation of the INED method to the region of Central Bosnia, and replicate the program to other communities in BiH.

The MEDI program utilized CHF Romania’s INED (Integrated NGO and Economic Development) methodology, adapted for the Bosnian setting. In practice, it combined strategies to strengthen civil society; improve local government administration through association building; increase credit access and technical support services for municipalities and small businesses; and foster self-help affordable home reconstruction/improvement opportunities. The key to the success of the INED methodology is that it provides powerful incentives for people to join, democratically manage, and build the viable associations based on livelihoods and housing. These associations develop into substantial resources and voices in local decision-making. MEDI offered initially small credits and later larger loans to the members of these associations creating economic opportunities and fostering membership growth while effectively creating a “peer group” that ensured the proper functioning of the loan program. This process led to the creation of a Community Financial Institution (CFI) called Mikro REZ-FOND. Simultaneously, CHF strengthened the administrative and management systems of the local

¹ Municipalities of Busovaca, Fojnica, Kakanj, Kiseljak, Kresevo, Maglaj, Novi Travnik, Tesanj, Travnik, Visoko, Vitez, Zavidovici, Zenica, and Zepce

municipal governments, for the purpose of encouraging an atmosphere more conducive to economic development.

Governance:

All 14 MEDI municipal governments signed Partnership Agreements (PA) with CHF during the program period defining the obligations held between CHF and the Municipal Government during the implementation of phase 1 of the Customer Service Center (CSC) construction (establishment of Information Centers, Call Centers, and Business Transaction Centers). An Annex to the PA was subsequently added that outlined the responsibilities required for phase 2 of the CSC construction. This phase included the developing and the installation of the Information Systems (IS) required for streamlining processes affecting home and business owners. The donation of IT equipment that was provided to the municipalities was based on the successfully met conditions (amongst others) that (i) process times were reduced by up to 30% and (ii) all appropriate data was entered into installed databases. CHF encouraged and measured the funds utilized by the local government in self-financing their own capacity building. The data demonstrates that for every 1US\$ invested by USAID/CHF within the MEDI project, the LG invested US\$0.60 into its own development

Advocacy:

A major component of the MEDI project was to **seek reform** for the purpose of improving the economic environment. The vehicle for this advocacy and policy reform activities was the private public partnerships (PPP) established under MEDI, between the private sector and the local governments. In total there were **127 'effective actions'** or reforms that were achieved by the MEDI established PPP structures. The crystallizing force behind many of the 'effective actions' was the Razvojna Ekonomska Zajednica (REZ) organization. The REZ was established for the initial purpose of supporting the advocacy and reform efforts of the MEDI partner local governments and associations. The founders of the REZ gathered around a vision of development of regional partnership between entrepreneurs and municipal authorities aimed at contributing to the positive changes that would boost economic development in the central areas of Bosnia and Herzegovina.

Association Development:

All 14 MEDI partner associations (*Community Development Corporations – CDC*) signed Partnership Agreements (PA) with CHF, which defined the obligations held between CHF and the CDCs during the implementation of the MEDI Project. The CDCs under the MEDI Program were awarded three different types of sub-grants:

- Organizational development sub-grants (*phase I*), awarded to all 14 CDCs,
- Income generating sub-grants (*phase II*), awarded to all 14 CDCs, and
- Competitive income generating sub-grants (*phase III*) were awarded to 4 CDCs - Kiseljak, Travnik, Zavidovici, and Fojnica.

For the implementation of these sub-grants, CHF provided, in whole or in part, necessary equipment and furniture required by CDCs.

The purpose of organizational development sub-grants was to support the organizational and structural development of each of the CDCs as a partner for dialogue with the respective Municipalities in order to improve the environment for economic development.

The aim of income generating sub-grants was to enhance the financial self-sustainability of the Associations. The CDCs worked towards developing their association as fee-based service providers to meet the demand of the business community, improving their expertise, focusing on strengthening organizational capacity, and diversifying their income sources.

Credit:

The Micro "REZ FOND" was established in March 2002 by CHF International in accordance with the Federation Law on Micro-credits. REZ FOND was responsible for the implementation of the credit component of MEDI Project. It served the project by providing the impetus for the improvement of social and economic status of members of multi-ethnic business and housing associations, providing long-term access to necessary financial services, and creating/sustaining employment in a flexible and innovative manner. In partnership with 14 Association, Micro "REZ FOND" offered credits for small and medium companies (funds donated by USAID), and credits for the improvement of housing

conditions (fund donated by Sida). By the end of the MEDI Program MKO “REZ-FOND” disbursed 1,678 loans worth 9,509,959.00 KM which is an equivalent of \$5,506,902.

MEDI successfully confronted the mentioned challenges and met the project targets (as shown in the table further below), and contributed to the original goals of USAID and international community’s humanitarian and development intervention in Bosnia and Herzegovina. The positive changes that MEDI contributed to have been measured and verified through a number of surveys (governance, association development, credit) that captured the change in attitude of municipal governments as well as improvement in the role that citizens and their associations play in local communities and in their socio-economic status. This project also provided an excellent example to ensuing USAID governance projects which were tailored to the experience of MEDI to a very high degree.

The impacts of MEDI project were recognized by other international stakeholders in Bosnia and Herzegovina and some of its key successes have been endorsed by donors intending to exploit and further these impacts. With additional support from Swedish International Cooperation Agency – Sida REZ evolved from MEDI advocacy platform to a regional development agency (REZ RDA), a vehicle for regional development of the region of Central Bosnia and Herzegovina. Mikro REZ-FOND managed to develop into a respectable local micro-credit organization and expanded its operations under substantial new funding from the same donor (Sida). OHR recognized the contribution of REZ advocacy efforts to its Bulldozer initiative and contributed funds to extension of professional legal services for REZ activity of steering the regional Bulldozer Committee. The World Bank has requested that REZ representatives present their experience with advocacy for reform to annual meetings of WB staff on two occasions this year (Washington, DC in May 2004 and San Francisco in December 2004). USAID and CHF have been and continue to be duly credited for these successes.

1.2 Project Impact

The table below outlines the projected impacts and work plan deliverables since the beginning of the MEDI project in September 2001, as well as the actual impacts and deliverables during the life of the project:

Indicator/Work Plan Deliverables	Impact for Life of Project ²	Cooperative Agreement Target ³	Year Three Workplan Targets ⁴
Governance & Advocacy			
Number of Municipalities signing Partnership Agreements.	14 Municipalities	14 Municipalities in Central Bosnia	
Number of operational LG Information Centers (ICs)	14 ICs	14 Information Centers	
Number of operational LG Call Centers (CCs)	14 CCs		
Number of private/public actions taken to coordinate with municipal governments by the CDCs/REZ.	360 Coordination Attempts		
Number of advocacy initiatives commenced by LG and CDC/REZ network during coordination attempts	288 initiatives		

² As measured from the beginning of the project 29 September, 2001

³ CHF added several indicators, targets, and deliverables which are not part of the Cooperative Agreement and for which therefore there are no numbers or targets shown in this column.

⁴ Where results exceeded Cooperative Agreement targets, CHF established additional targets with each workplan against which to monitor MEDI performance.

Number of effective CDC/REZ/LG actions (that lead to change) taken on advocacy initiatives	127 actions	92	
Number of municipal officials and staff trained	462 participants	Number increase	
Number of municipal governments cooperating extensively with CDCs to stimulate local economic development.	14	14	
Number of Submission Requirements Brochures, Application Forms, and Information Brochures Available	4,022	Number increase	
Number of IC Requests (Walk In)	288,182		
Number of CC Calls (Call In)	32,045		
Association Development			
Number of Community Development Cooperation (CDC) signing Partnership Agreements.	14 CDCs	14 Development Centers in Central Bosnia Canton, & ZeDo Canton	
Establishment of Federated Association (REZ)	REZ Association established and registered	1 Established Federated Association	
Number of association members ⁵	2,449 CDC members (Average = 174.9 members/CDC)	2100 members (Average of 150 ⁶ members / association)	
Total percentage of association members by returnee, gender and ethnicity	<ul style="list-style-type: none"> ❖ Bosniak: 71% ❖ Croat: 26% ❖ Serb: 2% ❖ Other: 1% ❖ Female: 20% ❖ Returnees: 12% 	By demography, each group is effectively represented within the project area.	
Number of employees managed by CDC members	14,035 Employees <ul style="list-style-type: none"> ❖ Female: 36% ❖ Returnees: 4% 		
Increase in CDC Revenue (Total Revenue earned)	338,872.9 KM	% Increase	Year three target: 230,000 KM

⁵ Statistics are available for 14 CDCs.

⁶ 30 members are the minimum recommended number of members usually required legally.

Member satisfaction with services provided.	2.95 score	% Increase compared to the baseline score (BL) BL from the first CDC member satisfaction survey: 2.85 – High Fair to Good This is derived from a 4 point scoring system: 1-Poor, 2-Fair, 3-Good, 4-Excellent	
Credit			
Total value of business loans disbursed during the program period	\$ 3,711,116	US\$1,500,000	Year three target of US\$3.340.000
Total value of home improvement loans disbursed during program period	\$ 1,795,786	US\$500,000	Year three target of US\$1,200,000
Total Number of SME borrowers (from loans disbursed)	606	120	Year three target of 334
Total Number of SME new jobs created (from loans disbursed)	346	150	Year three target of 360
Total Number of SME jobs sustained (from loans disbursed)	2,204	450	Year three target of 1,670
Number of homes improved (from loans disbursed)	1,072	200	Year three target of 750
CFI legal structure creation	1	1 (required for legal lending in BiH)	
Other			
Number of training sessions & workshops conducted for project clients	362		
Number of participants trained	1,279		
Number of printed materials distributed.	47,751		
Number of visits to program web site (www.chfbh.org).	2,349	1,000	
Amount of funds leveraged to expand the program	Operational agreement worth US\$510,000 was signed by SIDA on 23 April 2002.	US\$500,000	

2. PROJECT BACKGROUND

This section describes the development challenges and problems to which the MEDI responded. The section begins with a brief general overview and continues with greater details on those challenges and problems most directly addressed by MEDI.

The direct toll of the war on Bosnia and Herzegovina (BiH) was enormous. An estimated 250,000 people were killed, more than 200,000 wounded, and 13,000 permanently disabled. Some 800,000 people were still refugees, and an additional 800,000 were internally displaced. The war destroyed a significant amount of the country's infrastructure, severely ruptured the social fabric and impaired the economic base.

BiH's economy was dependent on external donor support and unemployment remained a major problem. In 1998, the unemployment rate in the Federation was 33%, only slightly lower than in Republika Srpska (RS) at 37%. Dependency on international assistance left BiH in an extremely vulnerable position. In the event of severe economic downturn, negative GDP growth, dwindling donor assistance and absent sound and independent economic base, BiH was (and still is) susceptible to further social unrest and economic destabilization.

After the Dayton-Paris Agreement, the international community set three overarching priorities:

- Reconstructing physical assets;
- Re-starting economic activity; and
- Building and strengthening community institutions that can initiate policy reform.

In the Central Bosnia region, significant challenges remained in achieving these three goals and laying the foundation for economic growth and social reconciliation. Some of the worst destruction had occurred in this region, and economic activity was not adequately served through the existing banking system.

The context and challenges in building an economic base in the ethnically mixed Central Bosnia region between Travnik and Sarajevo were representative of the complex challenges that existed in rebuilding communities throughout BiH. These challenges included, but were not limited to:

- Accommodating the influx of minority returns that took place in 2000;
- Enhancing the capabilities of local municipal government;
- Increasing the existence of relatively few ethnically mixed participatory associations;
- Reducing the amount of obstacles to small business development; and
- Promoting progress in community services rehabilitation.

2.1 Lack of Well-Managed, Multi-Ethnic Participatory Associations

Indigenous civil society organizations and democratic, participatory citizen associations had very limited capacity to serve their members and the communities' needs. Under the communist system, groups of people with issue-specific interests involved in community work were often organized through national or regional state bodies or through the communist party. Modern NGOs had only begun to sprout up in the past few years. Since then, there had been a significant growth in the number of local NGOs, which faced a multitude of challenges that had to be addressed in order to ensure a prosperous and active civil society.

Scarcity of "Home Grown" Citizen Associations:

One significant challenge to the NGO sector in BiH was the lack of associations created independent of international support. USAID's NGO sustainability index for BiH noted that "organizations that have come together at the urging of expatriates or in response to the existence of international funding suffer from a weaker sense of mission and commitment than those who formed independently in response to community needs." The lack of "home-grown" citizen associations and in particular the lack of community-based ones was undoubtedly going to become more evident and potentially weaken civil society development as donor assistance decreased. At the inception of the MEDI project, there were approximately 496 NGOs operating in BiH, only half of which were active indigenous NGOs. NGOs had become a form of employment in addition to their role as a special interest group and, therefore, sometimes had weak missions and lacked strategic plans. Citizen

associations that were not built on common interests and not independently founded tended to lack the sense of member “ownership” that was critical for sustainability.

Financial Viability:

Concerns over NGO management capacity, the rationalization of membership services, and financial self-sufficiency had been deferred due to the overarching need to address pressing post-conflict needs as quickly as possible. According to the USAID sustainability index, NGOs, especially in rural areas, lacked skills in financial planning, accounting and management. Alternative funding resources such as membership fees, fee-for-service activities or in-kind contributions as a method of financing their projects, had gone untapped.

Lack of Advocacy Groups:

The role of NGOs was evolving from providing relief services to long-term civil society development. In general, NGOs had not played an active role in political processes as they had worked in parallel to government activities. The concept of advocacy in public policy was still at a nascent stage. The complexity of political structures (entity/canton versus municipality in the RS and Federation) in BiH contributed to the distance that NGOs kept from political affairs. According to the Donor review boards in 1999, “institutional and policy reform has generally lagged behind physical reconstruction.”

Lack of Ethnically Mixed Associations:

Another pervasive problem among NGOs in BiH was their tendency to be formed along the “cultural” divides of ethnic identity. This impeded the country’s evolution toward stable, democratic social institutions and acceptance in the international community. Although there were a few national NGOs focusing on specific issues that spanned ethnic barriers, ethnically diverse community-level service NGOs were rare.

Lack of Small Business and Trade Associations:

During the MEDI baseline, CHF discovered that there were only a few functioning small business associations and most of these were inherited networks from the socialist era’s Chamber of Economy. In general, the existing business associations’ membership base was low and not attractive to independent entrepreneurs. These groups were unprepared to deliver the services their members needed to survive in a market economy; had little notion on how to generate revenue to sustain the association’s programs; and were, on the whole, distrusted by society at large.

2.2 Perceived Weaknesses in Local Government Structures and Practices

In mid 2000, USAID implemented a research project on Local Governance Jurisdiction and Practice in BiH with the stated purpose of “improving the understanding of local governance structures in BiH, the differing layers of jurisdiction, and how effectively these structures operate.” The analysis expressed the following conclusions:

- “The implementation of decisions made by local authorities in some sectors is inadequate.
- There is inadequate interaction between citizens and their local governments in terms of monitoring, advocacy and simple communication.
- Government employees lack adequate training and skills to ensure proper functioning of local government.
- Municipalities do not have the necessary funds or systems to raise revenues to fulfill their given mandate.
- Mayors tend to overshadow other local officials in municipal governance activities.
- Citizens need to better understand the structure and responsibilities of local government.”

Specifically and with regard to local governments in the Federation, the study found the following:

- “The roles of local authorities are not clearly understood.
- Cantonal legislative and executive institutions are overly centralized and lack the ability to empower municipalities in policy decision-making and budgetary oversight roles.
- About 60% of municipal revenues come from higher government levels.
- Relationships between cantons and municipalities are unclear.
- Local governments are not influential at higher levels of government.
- Local-level decision-making is not tailored to the long-term development needs of the community.

- There is an expressed need by local government authorities to receive technical assistance in public finance and fiscal management practices.”

With regard to local governments in the RS, the study found the following:

- “Unlike the Federation, municipal officials in the RS have received limited technical assistance in financial management and public administration.
- A variety of laws affect local governance.
- There is a lack of basic service delivery.
- Legal representation is inadequate.
- There is a need for overall transparency and accountability.
- Municipalities lack authority over police forces, resulting in their inability to enforce/secure public peace and order.
- Municipal authorities feel pressured to fulfill their responsibilities without the additional resources needed.
- Poorer municipalities feel burdened by co-financing schemes (i.e. cost-sharing for secondary education).
- Tax collection processes need to be strengthened.”

2.3 Obstacles to Small Business Development

A major issue in BiH was the lack of economic opportunity for small and medium entrepreneurs. Beyond its direct benefit to people's lives, economic prosperity provides the opportunity for building a more participatory and cohesive civil society. According to the World Bank and European Commission, BiH had the second lowest per capita income in Central or Eastern Europe. Small business and industrial growth was driven by donor-financed reconstruction, not private investments. High unemployment rates plagued the economy. While inadequate legislation and lack of banking reform further restricted the potential for growth.

Unresponsive Banking Sector:

One of the biggest impediments to economic recovery was the unresponsive nature of the banking sector. Commercial banking institutions had few viable loan product services available to small business entrepreneurs and low-to middle-income families. Post-war surveys showed that local businesses considered lack of credit to be the primary obstacle to economic development. The IMF and World Bank policies were to place increased pressure for profitability on the commercial banking system. This would further restrict the development of consumer and small business lending products.

Distrust of Banks:

The problem was exacerbated by peoples' negative perceptions of banks in BiH. Lack of confidence in the banking system, fear of losing deposits and depressed income levels all contributed to low savings rates and inadequate banking services. Foreign currency deposits of households and firms had been frozen at the beginning of the conflict, creating deep distrust in the formal banking system. High repayment rates of NGO-provided microcredit loans to small and medium-sized enterprises (SMEs) indicated that access to credit had successfully stimulated business activity. Yet microcredit practices had not been able to link upward to the capital resources of commercial banks.

Lack of Business skills and Knowledge:

Small business development was also significantly constrained by lack of experience and know-how, especially in the smaller communities in the Central Bosnia region. Many small businesses had little idea how to rationalize their product lines, develop marketing strategies or access credit/financial services. Although a few development agencies had been established, such as the Enterprise Development Agency in Banja Luka, there was a general lack of small business training and development services available to the majority of small entrepreneurs. Basic business planning and management techniques, such as cash flow analysis, were not widely used which hindered the ability of BiH businesses to enter into the world market as either purchasers or suppliers.

Legislation is Not Conducive to Small Business:

Like other transition economies, the legal structures were in the process of reform and were at the time complicated and burdensome for small business. Inherited tax codes were largely structured for state-owned enterprises and therefore discouraged the establishment of small businesses. The highly contentious nature of politics in many areas of BiH inhibited the judicial system and thus compliance

with tax structures. CHF field visits confirmed overwhelmingly that inadequate legislation was a problem that plagued all sectors: NGOs; banks & microcredit institutions; and taxes on small businesses.

2.4 Challenges in Housing Rehabilitation in Central Bosnia

An estimated 30% of BiH's largely privately owned housing stock had been damaged or destroyed during the war. In the Federation 33% of the housing stock was damaged and 6% destroyed. According to World Bank data sources, one quarter of BiH's damaged housing had been rehabilitated providing shelter for nearly 400,000 people. A great deal more work had to be done to rehabilitate the other 70 plus percent. Damage and destruction to housing was worst along the front lines; i.e. Sarajevo suburbs and the villages in central and eastern Bosnia. The main roads that spanned the Central Bosnia region still exhibited the visible impact of the war: burnt out villages, bullet ridden facades, brick walls that were barely standing, houses with no roof, and windows covered with tape. In addition, significant portions of the countryside remained riddled with landmines.

Facilitating Return of IDPs and Refugees to Central Bosnia:

According to the IMG database, the population within the Central Bosnia region dropped by nearly 80,000 persons since the war. In 2000, there was a major influx of minority returns to their pre-war homes in BiH. Municipalities of Jajce, Travnik, and Busovaca in Central Bosnia were among the regions experiencing a more significant influx. According to UNHCR reports, the recent returnees were unable to find shelter. Refugees and displaced persons often could not return to their homes without evicting others. According to the Global IDP database of the Norwegian Refugee Council, ***"improving allocation and management of the existing housing space (with decentralized, incentive-based mechanisms) may be more important to support reintegration (and much less expensive) than constructing new housing units."***

CHF interviews conducted with residents of the Central Bosnia region confirmed that when flats or homes were vacated for returnees, everything was cleared out, including light fixtures, windows, doorknobs and internal wiring. Returnees often lacked the resources to cover the costs of rebuilding their homes independently; were not able to wait for foreign assistance funding; and had limited access to credit. According to ICG reports, the gap between aid availability and aid needs in 2001 and 2002 was anticipated be as high as 90 percent.

Unsustainable Reliance on International Grants:

Initial post-war efforts provided grants for rehabilitation of moderately damaged premises in order to renovate dwellings that could rapidly be made habitable. As this range of housing damage had been rehabilitated, financing mechanisms for rehabilitating the more severely damaged stock had to be addressed. With international donor assistance for rehabilitation tapering off, cost recovery mechanisms became all the more critical.

Lending Gaps in Home Improvement:

Kreditanstalt Fur Wiederaufbau (KFW), Market Banka, Gospodarska Banka, etc. did offer a \$500 to \$2,500 loan product for home improvements as part of a wider gamut of home improvement loans (up to \$18,000). However, since this program was offered through commercial banks, smaller loan products represented a disproportionately smaller portion of the loan portfolio (labor intensive, less profitable for the banks). Over time, trends in commercial banking indicated more labor intensive loan products will eventually be replaced in favor of larger, more profitable loan products.

Lack of Coordination with Local Government:

Incomplete housing privatization had meant that communities were often confused regarding ownership and maintenance/repair responsibility. The rapid sell-off of apartments and homes previously owned by the state coincided with a poorly articulated policy concerning basic utilities service, renovation and repair, environmental problems, energy conservation, and the balance between community and individual responsibility. Uncertainty in roles and responsibilities for individuals and government bred animosity towards local government counterparts. Although loosely formed resident associations existed in many of the "bloc-style" buildings, they were often poorly organized, ineffectual, and lacked clear legal status. The same was true in low-density areas with single-family homes.

In the former system in Yugoslavia, residents in each housing complex were democratically elected in a “Kucni Savjet” or “house council” consisting of two to three persons. These councils were responsible for collecting small sums of funds to make small repairs, like replacing light bulbs, etc. Before the war, the “Kucni Savjet” was registered with the municipality’s local branch, called the “Mjesna Zajednica.” However, with the huge outflow of persons from the Central Bosnia region and lack of resources at the municipality level, these local level institutions had been disrupted and were not empowered with resources to begin recovering from the war’s devastation to the housing stock.

2.5 Importance of a Coordinated Approach

All of these problems pointed to the absence of responsive community-based associations, the lack of economic opportunities, marginally equipped and poorly trained local government authorities. Moreover, these problems were interrelated. The soundness of the small business, shelter, and community financial services sectors together with the institutional strengthening of local governments through increased training and the increased involvement of citizens in local governance comprise an important barometer of the overall health of a market economy. In BiH, these sectors could serve as vital engines for job creation and civil society participation.

3. OBJECTIVES AND METHODOLOGY

3.1 MEDI Objectives

The objectives of the Municipal and Economic Development Initiative (MEDI) Program encompassed the following:

1 - Strengthen civil society in Central Bosnia through the creation and growth of multi-ethnic citizens associations.

- Create or support multi-ethnic, democratic, small business and homeowner associations and a federated network to serve the needs of the communities of the two target corridors:
 - A) Central Bosnia corridor, and B) Zenica-Doboj corridor.
- Increase membership (including returnees, women and all ethnic groups within the communities) and revenue growth of the associations while maintaining or improving member satisfaction.
- Demonstrate an increasing number of effective actions taken by the associations to advocate for their members' interests and work in partnership with local governments.

2 - Strengthen the administrative and management systems of the local government.

- Create a favorable legal environment by working on reforms for allowing local governments to raise and manage their revenues.
- Improve public accountability and transparency of local governments by improving accountability and responsiveness of municipal and cantonal officials, and by increasing citizens' participation in local decision-making.
- Build capacity of municipal governments to administer local government services through increased training and workshops.

3 - Increase economic opportunity and improve the quality of life for residents in Central Bosnia, facilitating the return of refugees and internally displaced persons.

- Promote a healthy, growing financial institution within the communities to serve the on-going credit needs of its members.
- Make over \$1.5 million in loans to support the growth of 40 businesses, improve the homes of more than 200 families and generate or sustain at least 135 jobs.

4 - Apply lessons learned from the adaptation of the CHF Romania Integrated NGO and Economic Development (INED) method to the region of Central Bosnia, and replicate the program to other communities in BiH.

- Train 300 practitioners (including women and people from all ethnic groups) in the INED method and develop action plans for implementation of MEDI in four additional communities.
- Reach an additional 2,000 people with the MEDI program web site, program brochures, and manuals on how to build multi-ethnic associations, manage revolving loan funds and create CFIs.

Target Region:

The target region included the following 14 municipalities in the Central Bosnia Canton and Zenica-Doboj Cantons:

- Central Bosnia Canton: Kiseljak, Kresevo, Vitez, Travnik, Novi-Travnik, Busovaca, and Fojnica
- Zenica/Doboj Canton: Visoko, Kakanj, Zenica, Zavidovici, Maglaj, Zepce, and Tesanj.

CHF selected these municipalities for the following reasons:

- High potential for sparking local economic development activities and citizen initiative since the target areas fall along main commercial lines within the Federation;
- Substantial need for more economic opportunities, housing reconstruction and cross-ethnic cooperative experiences;

- Community leaders and other parties contacted during CHF field visits indicated that these communities have significant numbers of people willing to explore new avenues of cross-ethnic cooperation for the potential community good;
- A program in the central region would have visibility, and make for efficient coordination with other donor programs based in Sarajevo, yet offset the tendency to concentrate international development funds in the capital city;
- These municipalities and cantons included multiple ethnic groups with varying levels of economic, social, and human development and provided a valid base for a pilot program designed to promote the growth of social capital within the region; and
- The compact nature of the area makes it possible to create links with municipal and canton governments and amongst the various associations.

3.2 MEDI Methodology

The **MEDI** program utilized **CHF Romania's INED (Integrated NGO and Economic Development) methodology, adapted for the Bosnian setting.**

In the implementation of MEDI, the INED process served as a truly integrative development tool that combined strategies to: strengthen civil society; improve local government administration through association building; increase credit access and technical support services for municipalities and small businesses; and foster self-help affordable home reconstruction/improvement opportunities. The key to the success of this methodology was that it provided powerful incentives for people to join, democratically manage, and build the viable associations based on livelihoods and housing. These associations developed into substantial resources and voices in local decision-making. Once associations demonstrated they could impact positively and profoundly on local economic development, the members began to see hope and became more active participants in their communities and municipalities.

The process began with an intensive period of **association building**. Citizen associations were built upon existing or nascent small business and homeowner associations. Initially, these organizations were assisted in clarifying member service needs, improving basic management, ensuring transparent democratic decision-making, developing income generating techniques (fee-for-service activities, local contracts and grants), engaging in advocacy, and expanding membership (including special efforts to bring in women, returnees, and members of all ethnic groups). The next step of offering small amounts of **credit** to the membership base of these associations simultaneously created economic opportunities and fostered membership growth while effectively creating a "peer group" that ensured the proper functioning of the loan program. Once associations were fully functioning, members were offered longer terms and larger loans. This process led to the **creation of a Community Financial Institution (CFI)**. The associations built up in each community served as the pillars of the financial institution. The CFI provided a variety of financial services including a loan fund that bridged communities and built up trust in banking practices.

Simultaneously, **CHF strengthened the administrative and management systems of the local municipal governments**, for the purpose of encouraging an atmosphere more conducive to economic development. By improving the capacity and effectiveness of local government authorities and institutions through construction, process re-engineering, training and workshops, CHF contributed to current decentralization efforts, and ultimately improved critical services rendered to citizens, associations, and businesses. CHF adopted a strategy that fostered private public partnerships, training opportunities, and computerized communication to effectively improve local governance in a sustainable manner.

Effects:

During the life of the MEDI project, the achieved effects on the beneficiaries involved the following:

Small & Medium Business Owners	Homeowners	Local Government
<u>Knowledge:</u> <ul style="list-style-type: none"> • Of necessary business/marketing skills • Of the power and leveraging ability of credit 	<u>Knowledge:</u> <ul style="list-style-type: none"> • Of property rights and laws • Of the power and leveraging ability of credit 	<u>Knowledge:</u> <ul style="list-style-type: none"> • Of the benefits obtained from Civil/Private Sector/Government partnerships • Of the power and leveraging ability of credit within the community
<u>Attitude:</u> <ul style="list-style-type: none"> • Entrepreneurial spirit • Self confidence • Tolerance of a multi-ethnic business community and society 	<u>Attitude</u> <ul style="list-style-type: none"> • Tolerance of a multi-ethnic community and society 	<u>Attitude</u> <ul style="list-style-type: none"> • Tolerance of a multi-ethnic community and society • Customer Service orientation • View of associations as partners for development, rather than adversaries
<u>Practice:</u> <ul style="list-style-type: none"> • Repayment of Loans • Increase in business revenue and/or profitability • Increased employment • Ethical business practices • Advocacy through the Associations to achieve changes from the LG that will improve business conditions 	<u>Practice:</u> <ul style="list-style-type: none"> • Repayment of Loans • Physical improvement of homes • Organization of multi-unit homeowners to better manage their complex • Advocacy through the Associations to achieve changes from the LG that will improve living conditions 	<u>Practice:</u> <ul style="list-style-type: none"> • Effective change in services, regulations, and laws that lead to an improved environment for businesses and homeowners

4. GOVERNANCE ACTIVITIES

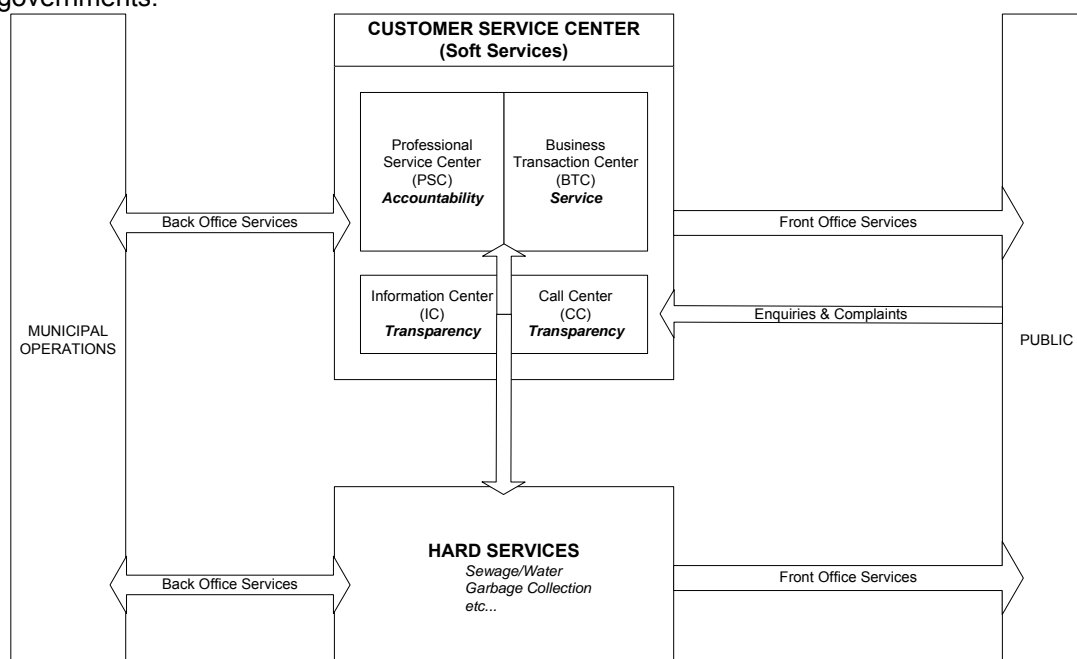
The fundamental governance objective of the MEDI project was to obtain **more open government** in the 14 partner cities of the project. CHF worked with municipalities to make information more readily available and develop transparent decision-making processes that assisted more responsible and accountable government actions.

CHF monitored the activities of the municipalities' CSCs through a Governance Performance Index (GPI). The GPI tracked three main components: (1) transparency - the activities of the IC, (2) the municipal activities related towards its advocacy efforts (to higher levels of government) and its responsiveness to change, and (3) its customer service.

CHF encouraged and measured the funds utilized by the local government in self-financing their own process re-engineering and capacity building. **For every 1US\$ invested by USAID/CHF, the LG invested US\$0.60 into its own development.**

The diagram below displays the focus of activities for the MEDI governance component. The main focus of this component was the long-term establishment of the Municipal *Customer Service Center* (CSC). The CSC is made up of 4 components:

1. **Information Center (IC)** – the IC provides the public with transparent information regarding municipal services, procedures, regulations, and community information.
2. **Call Center (CC)** – The CC is a telephone 'call up' version of the IC. It also acts as a focal point for receiving customer complaints.
3. **Business Transaction Center (BTC)** – The BTC is the component where daily clerical transactions occur between the municipal staff and the public. The BTC's main purpose is to issue certificates (birth, deaths and marriages) and municipal statements and receive payment for most municipal services and taxes. Obtaining a certificate from the BTC is a step required in most government (at all levels) procedures. This process was manual, time consuming, and costly. Automating this process and enabling the municipality (where appropriate) to internally access the information through a database registry sped up application times substantially.
4. **Professional Service Center (PSC)** – The PSC is the component where municipal professional services are provided to the public, such as the issuing of building permits or business permits. The PSC is usually found within the back-office departments of the municipality. Usually the majority of the approval steps conducted by this unit are beyond the control of the municipality - the responsibility for this decision-making also falls under the realm of the cantonal and entity governments.



4.1 Partner Development

Partnership Agreements:

All 14 MEDI municipal governments signed Partnership Agreements (PA) with CHF during the program period. The purpose of the partnership agreement was to define the obligations held between CHF and the Municipal Government during the implementation of phase 1⁷ of the Customer Service Centre (CSC) construction. CHF also added an Annex to the PA that outlined the responsibilities required for phase 2 of the CSC construction. This phase included the developing and the installation of the Information Systems (IS) required for streamlining processes affecting home and business owners. The annex to the PA stipulated that the IS computer equipment that was provided to the municipality was based on the conditions (amongst others) that (i) process times were reduced by up to 30% and (ii) all appropriate data was entered into installed databases.

Customer Service Centers:

All 14 municipalities have operational Customer Service Centers (**CSCs**) with established walk-in centers, as well as established Call Centers (**CCs**). In 6 municipalities (Zenica, Vitez, Travnik, Novi Travnik, Zepce and Tesanj) where there were high volumes of customer, Business Transaction Centers (**BTCs**) were also constructed.

The following is a short overview of the CSC design and construction processes:

CSC Design Phase 1

The selected design company was ENTASIS Zenica. A contract was signed between CHF and Entasis Zenica for the design of six ICs in the following municipalities: Zenica, Maglaj, Busovaca, Travnik, Novi Travnik and Kiseljak. The Entasis Company successfully finished the main project and tender documentation for the above-mentioned ICs.

CSC Construction Phase 1

CHF published an invitation to bid for the construction of six ICs. Twenty-Three companies responded to the bid but only three submitted proper bids (Primus, Saiting and Ingrap). Company Primus Maglaj was awarded the contract, because it offered the best price for the construction.



Busovaca Municipality Information Center

⁷ Information Center (IC) and Call Center (CC)

CSC Design Phase 2

Invitations to Bid Letters were sent to three design companies in the region. Out of the three companies, CHF's Selection Committee selected the Entasis Company for the design of 6 ICs of the second project phase. A contract was signed between CHF and Entasis Zenica for the design of six ICs in the following municipalities: Zavidovici, Kresevo, Tesanj, Visoko, Kakanj and Fojnica. Entasis finished the main project and tender documentation for the respective ICs.

CSC Construction Phase 2

The Tender Commission opened the bids for the construction of four ICs in the municipalities of Vitez, Kakanj, Zavidovici and Fojnica. Offers were financially ranked as follows: 1 – Uniprojekt; 2 – Primus; 3 – Seta inzinjering; and 4 – Arcon. CHF's Committee selected Uniprojekt Zenica for the construction of four ICs in the municipalities of: Zavidovici, Vitez, Fojnica and Kakanj.

CSC Construction Phase 3

The 3rd phase of CSC construction was related to the construction of Business Transaction Centers. After an official tender procedure, a contract between CHF and the construction company ARCON-IN was signed to construct three BTCs in the municipalities of Zenica, Vitez and Travnik. These BTCs were completed in accordance with the tender documents and in a timely manner⁸.



US Ambassador speaks at the inauguration of Zenica Business Transaction Center ("Šalter Sala"), accompanied by the Mayor of Zenica and USAID Mission Director

In-Kind Donation:

CHF procured and delivered as in-kind donation following equipment to departments of the 14 MEDI Municipalities:

⁸ Novi Travnik Municipality did the construction of the BTC completely on their own, while Tesanj and Zepce just extended their ICs and combined them with the BTC.

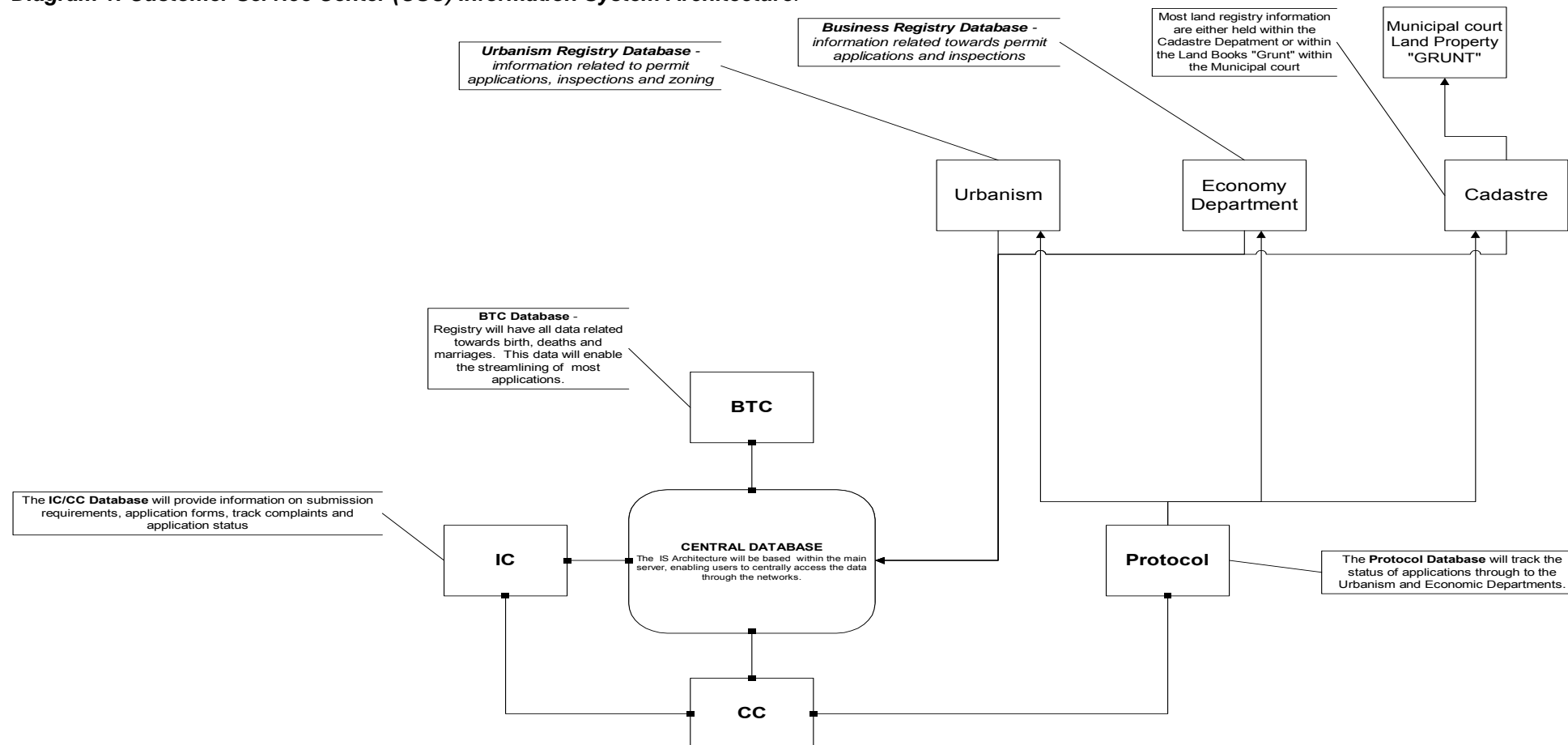
Municipality	Type of Equipment			
	Computer	Fax	Copier	Printer
Busovaca	11	1		3
Fojnica	9	1	1	4
Kakanj	8	1	1	4
Kiseljak	6	1		1
Kresevo	6	1	1	4
Maglaj	8	1		3
Novi Travnik	17	1	2	4
Tesanj	6	1		2
Travnik	14			4
Visoko	12	1	1	4
Vitez	9			4
Zavidovici	8	1	1	4
Zenica	34	1		4
Zepce	7	1	1	4
TOTAL	155	12	8	49

Knowledge Management:

To improve processes to better serve home and business owners the following databases were developed and installed:

- a. IC/CC Database (operational within 14 Municipalities)
- b. Protocol Database (operational within 13 Municipalities)
- c. BTC Database (operational within 7 Municipalities)

Diagram 1: Customer Service Center (CSC) Information System Architecture.



IC/CC Database

The IC/CC database is the main software tool utilized by the IC/CC and was designed to track complaints, provide customers with information on municipal services, and track the flow of walk in and call in requests. This database is now installed and operational within all 14 MEDI municipalities and is linked to the protocol database, designed to track the flow of applications throughout the municipality.

Protocol Database

The Protocol database is able to track the status of applications for the various municipal departments and the time taken to undergo the entire application process.

Of the 13 municipalities slated for the protocol database and networking, 4 (Tesanj, Maglaj, Travnik and Novi Travnik) have networked their computer systems on their own accord, while CHF networked the remaining 9 municipalities (Vitez, Fojnica, Kakanj, Zavidovici, Kresevo, Zenica, Busovaca, Zepce, and Visoko). After the networking was completed, CHF installed the protocol database in 12 municipalities (Vitez, Fojnica, Tesanj, Kakanj, Zavidovici, Kresevo, Zenica, Travnik, Novi Travnik, Busovaca, Zepce, and Visoko). One of the two remaining municipalities was excluded (Kiseljak), while the Maglaj municipality installed the protocol database on their own accord. The contractor utilized for the software instillation and networking was ProCom. The Kiseljak municipality was excluded in this phase, because they had not yet moved into their new facility.

BTC Database

The main purpose of this database is to provide information related to births, deaths and marriages of the municipalities' citizens. This information is required before seeking any municipal service. Currently most BTC systems are paper based and can create considerable delays within an application process.

4 of the 14 municipalities installed the BTC database with other resources (Novi Travnik, Tesanj, Travnik, and Maglaj), though one of the municipalities (Maglaj) does not have a constructed BTC. CHF installed the BTC database in 3 municipalities (Zenica, Zepce, and Vitez) while the remaining 7 municipalities will not install the database due to low volume of BTC traffic. ProCom provided the database.

The following table summarizes the status of networking and database installation:

Municipality*	Networking	Protocol database	BTC database
Vitez	Installed by CHF	Installed by CHF	Installed by CHF
<u>Fojnica</u>	Installed by CHF	Installed by CHF	No need
<i>Tesanj</i>	Installed by Municipality	Installed by CHF	Installed by Municipality
<u>Kakanj</u>	Installed by CHF	Installed by CHF	No need
<u>Zavidovici</u>	Installed by CHF	Installed by CHF	No need
<u>Kresevo</u>	Installed by CHF	Installed by CHF	No need
<i>Maglaj</i>	Installed by Municipality	Installed by Municipality	Installed by Municipality
Zenica	Installed by CHF	Installed by CHF	Installed by CHF
<i>Travnik</i>	Installed by Municipality	Installed by CHF	Installed by Municipality
<i>Novi Travnik</i>	Installed by Municipality	Installed by CHF	Installed by Municipality
<u>Busovaca</u>	Installed by CHF	Installed by CHF	No need
<u>Kiseljak</u> ⁹	Excluded	Excluded	Excluded
Zepce	Installed by CHF	Installed by CHF	Installed by CHF
<u>Visoko</u>	Installed by CHF	Installed by CHF	No need
Totals	CHF 9 Municipalities	CHF in 12 Municipalities	CHF in 3 Municipalities

* **Bold municipality name** = CHF built BTC; *Italicized municipality name* = Municipality built BTC; Underlined municipality name = No BTC built

All databases were consolidated within a central server and will allow for future expansion of their architecture. The MEDI project focused its effort on improving processes that serve home and

⁹ Kiseljak Local Government had not moved completely into their new premises.

business owners. Therefore the IS architecture is focused on equipping and networking the Front Office (IC/CC and BTC) with the Back Office Professional Service Departments (Urbanism & Economic Departments). Although many other municipal departments will not be networked to the central database, many mayors have expressed their desire to continue (on their own accord) the automation process after the MEDI databases have been installed.

The benefits of the IS Network include:

1. Transparency of procedures, submission requirements, and Municipal information.
2. Tracking of applications towards the Urbanism and Economic Department.
3. Tracking of complaints.
4. Municipal staff (front and back office) gaining greater control of managing applications. The IS Network tracks who is in charge of a particular case/application, and whether it is being completed within the given statutory time limit.
5. On average, the time saved by this system during the various local government application procedures is estimated to be greater than 30%.
6. The central database is designed to allow for future expansion and potential internet connectivity.

Training:

The table below outlines a summary of training activities conducted since the beginning of the project and this quarter for municipal leadership and staff.

	Type	At the end of Project
<i>Workshops/Seminars and other training events</i>	Total	28
	• Customer Service Center	19
	• Study Tour – Public Diplomacy	2
	• MEDI Orientation	6
	• Economic Development	1
<i>Participants</i>	Total	462
	• Mun. Officials & Heads of Dept.	101
	• Councilors	11
	• Municipal staff	350

The following is a short overview of the training curriculum used during the MEDI Program period:

1 – MEDI Presentation to Mayors and Heads of relevant municipal departments

Objectives:

- The objectives of the training were to introduce MEDI program to Mayors and Heads of relevant municipal departments and get their permission to proceed with the program in their municipalities.

2– Training for Mayors and Heads of Departments

Objectives:

- The objective of the training was to provide trainees with insight into the efficiency of an administration ruled by contemporary administration technologies. The trainees were informed on the function of the IC in the context of municipality administration building and its services using the Centar Municipality (Sarajevo) as an example.

3-Training for IC Receptionists

Objectives:

- The objective of the training was to provide Information Receptionists with knowledge and skills necessary to work at the municipal Information Center. Topics covered included introduction to legal procedures in the municipality and municipal departments (procedures in Urbanism Department, general administration, legal property, common affairs, cadastre, Economy and Entrepreneur Department, Department for Social Affairs, DPs and Refugees), IT training, and receptionist-citizen relationship.

4-Training for Assistants of Mayor and Heads of Departments including IC Staff

Objectives:

- The objective of the training was to demonstrate how to create improvements in the efficiency of municipal services; develop municipalities; track process changes; and improve clerk-citizen relationships with special emphasis on protection of human rights and basic freedoms.



IT Training for heads of municipal departments and department staff

5-Training for Mayors

Objectives:

- The objective of the training was to introduce Mayors to basic concepts, procedures and activities regarding advocacy toward higher levels of governance. Topics covered included: basic concepts of local government advocacy; planning a local government advocacy campaign; evaluating success of local government advocacy campaign; and communicating with government officials and political parties.

6-Training for Canton Authorities and other Authorities to be involved in the work of the Professional Service Center

Objectives:

- The objective of the training was to provide the trainees with insight into the function of the municipal Info Centers, which are increasing efficiency of services to citizens. Topics covered included the concept of completing administrative cases at the municipal level; usage of the municipal Info Centers to disseminate information from Cantonal level or the level of other institutions; and linking different institutions involved in the process of administrative procedures.

4.2 Partner Activities

The fundamental governance objective of the MEDI project was to obtain more open government in the 14 partner cities of the project. The techniques used to achieve this objective were to make information more readily available and develop transparent decision-making processes that assist more responsible and accountable government actions.

Transparency:

The first step in any approval process is the initiation stage where an application and supporting documentation is required. When MEDI began, no standard application forms or lists of required supporting documents existed in any municipality. To initiate an action, the businessman or citizen would deliver a letter applying for the desired approval. This typically led to a requirement to bring supporting documentation that resulted in an additional visit. There were examples that this request for additional material could continue two or three more times. This inefficient process created conditions for petty corruption by being extremely frustrating, inconvenient, and time consuming to the applicants.

To resolve this situation, the first step taken by CHF and the municipalities was to develop standard application forms for the principal approval processes and listing all the necessary supporting documentation needed to accompany the application form.

The chart below displays the type of application forms required to be presented by the municipality. It also provides an indicative percentage of the number of applications required by each municipality department.

Forms

- Request for registration of property
- Request for legalisation of illegal build property
- Request for division of parcels
- Request for splitting of parcels
- Request for registration of right on property
- Request for marking of the size of building (home) for the purpose of commencing to build
- Request for marking of the size of building (business) for the purpose of commencing to build
- Request for marking of the size of building (home-business) for the purpose of commencing to build

- Application for company work permit,
- Application for verification of business books – for retail shops,
- Form which confirms that certain documents or applications are received by municipality,
- Request for registration in simple form for company (craft)
- Request for registration in simple form for company (trade)
- Request for registration in simple form for company (catering)
- Application of client statement that client didn't have any registered business

- Application for urbanism permit
- Application for building permit
- Request for the assignment of the city building zone
- Request for issuing a certificate that of a law enforced decision
- Consent on purchasing of the apartments to sub occupancy right holder
- Request for putting street posters (company name)
- Request for transformation housing space in business premises
- Request for urbanism consent to legalise Building build without building permission
- Request for technical acceptance of building and usage permit
- Request for evaluation of the costs of arrangement of city lend
- Request for issuing permit for usage of public surface in order of putting a tables for business purposes
- Request for issuing permit for usage of public surface in order of putting a summer tables (restaurants)

Cadastre Department
18%

Business
16%

Urbanism
27%

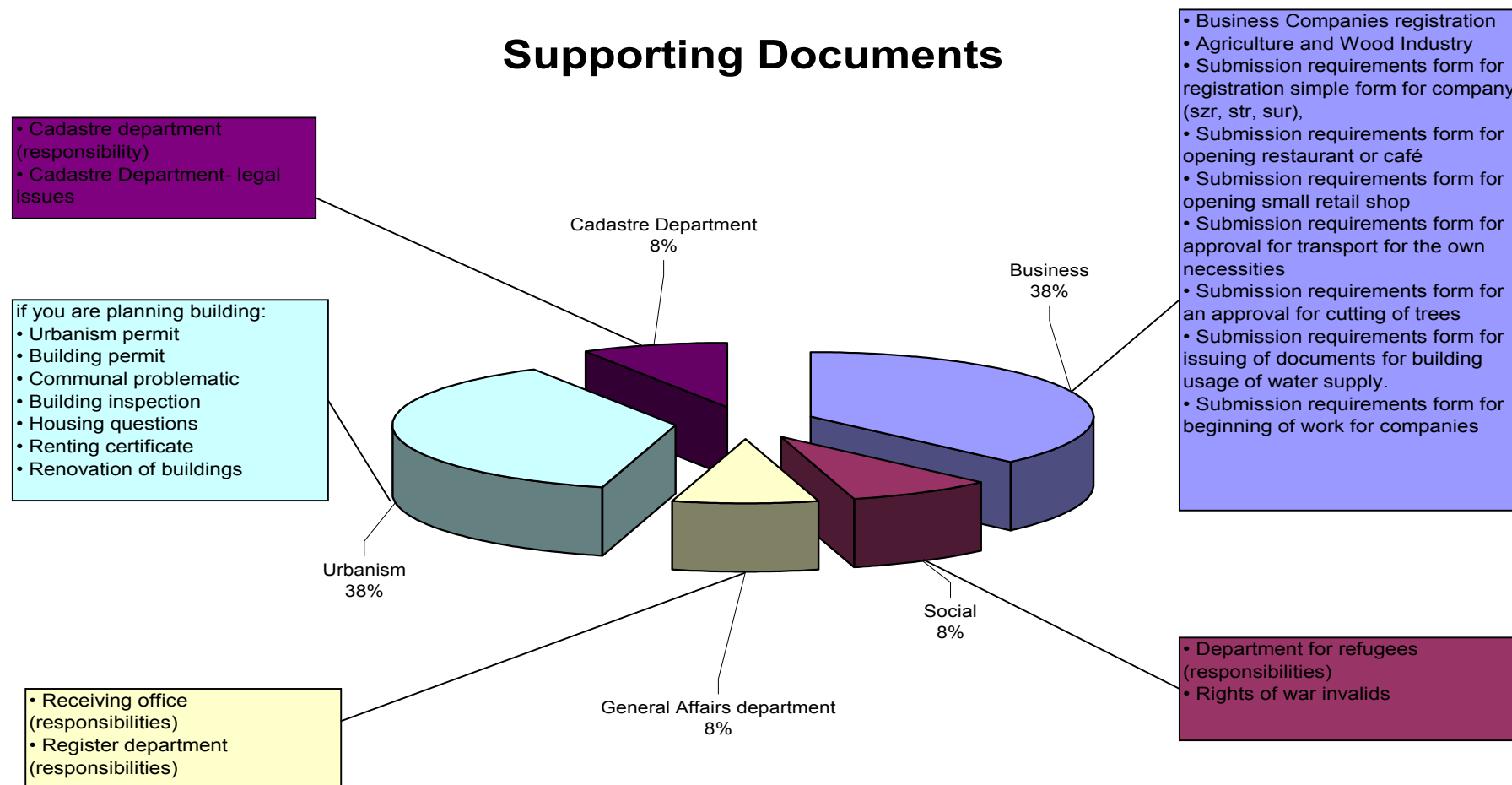
General Affairs department
11%

Social
28%

- Request for issuing birth certificate
- Request fir issuing death certificate
- Request for marriage certificate
- Request for citizen certificate
- Request for repossession of an apartment

- Request for casual financial aid
- Request for assigning of material aid
- Request for financial help
- Request for help for social cases
- Request for registration –un-registration of refugees
- Request for financing funeral
- Request for disability costs
- Request for family disability payment
- Request for health protection
- Request for health protection (of returnee)
- Request for alternative accommodation
- Request for registration of returnee

The chart below displays the type of supporting documents required to be presented during the submission of an application to the municipality. It also provides an indicative percentage of the number of supporting documents required by each municipality department. These supporting document requirement forms/brochures displayed below are representative of the forms listed within the above table.



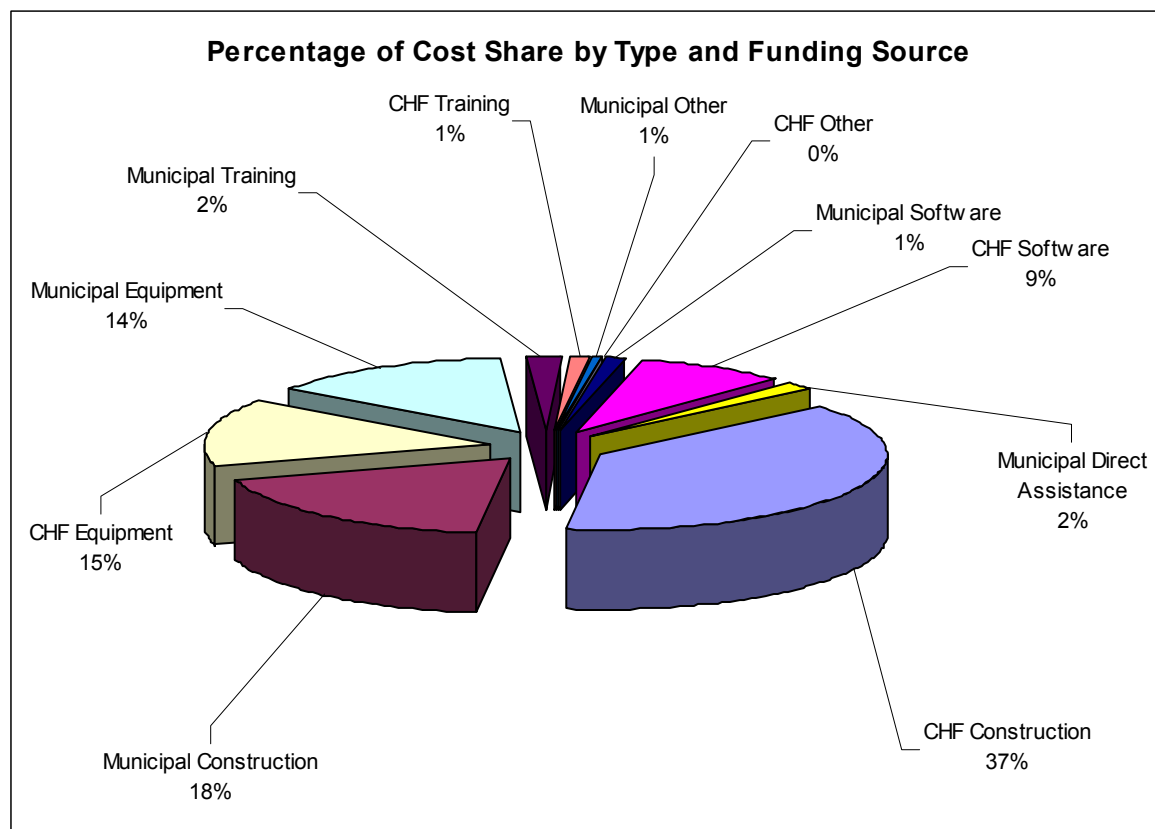
Accountability and Responsibility:

Over the course of the project, a series of municipal approval processes (the first ones related to improving business related approvals) were identified and recorded by CHF staff in cooperation with municipal employees. At the beginning, none existed, and the action that followed created the transparency needed to achieve the accountability/responsibility objectives. Through the local public/private partnership, the CDCs and municipalities (with the assistance of CHF staff) redesigned the procedures to remove the duplications, redundancies, inequities and inefficiencies. This process itself was holding the local government accountable by identifying the responsible authorities in the approval process. Publishing those approval methodologies and making them readily available to the general public continued the transparency/accountability cycle.

Local Government Cost Share:

Since the beginning of MEDI local government activities, CHF encouraged and measured the funds utilized by the local government in self-financing their own capacity building. Since the inception the results were encouraging as the data demonstrates that for every **1US\$** invested by USAID/CHF within the MEDI project, the LG invested **US\$0.60** into its own development. The following table and charts illustrate the total investment made by the LGs as compared to CHF:

Type of Investment	CHF investment	Municipal investment	Cost share		Total	
			CHF%	Municipality %	%	KM
Construction	729,309.41	353,211.00	67.37 %	32.63%	100.00%	1,082,520.41
Equipment	278,270.00	263,413.00	51.37 %	48.63%	100.00%	541,683.00
Training	18,200.00	40,398.00	31.06 %	68.94%	100.00%	58,598.00
Direct Assistance	0.00	30,000.00	0.00%	100.00%	100.00%	30,000.00
Other	300.00	13,357.00	2.20%	97.80%	100.00%	13,657.00
Software	168,042.00	17,462.00	90.59 %	9.41%	100.00%	185,504.00
TOTAL	1,194,121.41	717,841.00	62.46 %	37.54%	100.00%	1,911,962.41



Reduction in Time:

One of the core activities within MEDI was to improve municipal processes that serve home and business owners. Three key processes were identified in the effort to improve services for the MEDI targeted beneficiaries and the general public. As demonstrated by the tables below, the times needed to complete the following processes were reduced drastically, surpassing the all initial goals with over **100% improvement** in most cases:

Urbanism Consent

Municipality	Days required in Sep-03	Days required in Aug-04	Goal (days)	Goal reduction (days)	Actual time reduction in %	Goal Accomplishment %
Kreševo	7.00	1.00	4.90	2.10	-85.71%	286%
Vitez	17.50	3.00	12.25	5.25	-82.86%	276%
Travnik	11.61	2.00	8.13	3.48	-82.77%	276%
Zepce	30.00	6.00	21.00	9.00	-80.00%	267%
Zavidovici	60.00	29.00	42.00	18.00	-51.67%	172%
Busovaca	10.00	5.00	7.00	3.00	-50.00%	167%
Maglaj	17.50	10.00	12.25	5.25	-42.86%	143%
Tesanj	30.00	17.65	21.00	9.00	-41.17%	137%
Fojnica	23	15.00	16.10	6.90	-34.78%	116%
Zenica	52.98	35.00	37.09	15.89	-33.94%	113%
Kakanj	17.50	12.00	12.25	5.25	-31.43%	105%
Novi Travnik	12.50	9.00	8.75	3.75	-28.00%	93%
Visoko	37.50	27.00	26.25	11.25	-28.00%	93%

Building Permit

Municipality	Days required in Sep-03	Days required in Aug-04	Goal (days)	Goal reduction (days)	Actual time reduction in %	Goal Accomplishment %
Vitez	30	3	21.00	9.00	-90.00%	300%
Kresevo	7	1	4.90	2.10	-85.71%	286%
Travnik	13.25	4	9.28	3.98	-69.81%	233%
Tesanj	5	1.53	3.50	1.50	-69.40%	231%
Zepce	30	10	21.00	9.00	-66.67%	222%
Novi Travnik	12.50	7.00	8.75	3.75	-44.00%	147%
Maglaj	17.5	10	12.25	5.25	-42.86%	143%
Busovaca	5	3	3.50	1.50	-40.00%	133%
Zavidovici	15	10	10.50	4.50	-33.33%	111%
Kakanj	17.5	12	12.25	5.25	-31.43%	105%
Visoko	27.5	19	19.25	8.25	-30.91%	103%
Fojnica	23	17	16.10	6.90	-26.09%	87%
Zenica	63.85	51	44.70	19.16	-20.13%	67%

Approval for small business registration (STR/SZR/SUR)

Municipality	Days required in Sep-03	Days required in Aug-04	Goal (days)	Goal reduction (days)	Actual time reduction in %	Goal Accomplishment %
Kresevo	10.00	2.50	7.00	3.00	-75.00%	250%
Zavidovici	3.00	1.00	2.10	0.90	-66.67%	222%
Tesanj	12.33	6.00	8.63	3.70	-51.35%	171%
Zenica	15.00	8.50	10.50	4.50	-43.33%	144%
Visoko	15.67	9.00	10.97	4.70	-42.55%	142%
Busovaca	5.00	3.00	3.50	1.50	-40.00%	133%
Maglaj	10.00	6.00	7.00	3.00	-40.00%	133%
Novi Travnik	7.58	4.67	5.31	2.27	-38.43%	128%
Fojnica	8.00	5.00	5.60	2.40	-37.50%	125%
Kakanj	6.00	4.00	4.20	1.80	-33.33%	111%
Vitez	3.00	2.00	2.10	0.90	-33.33%	111%
Zepce	7.00	6.00	4.90	2.10	-14.29%	48%
Travnik	8.50	8.33	5.95	2.55	-1.96%	7%

Governance Performance Index:

CHF monitored the activities of the municipalities' CSCs through a Governance Performance Index (GPI). The GPI tracked three main components: (1) transparency - the activities of the IC, (2) the municipal activities related towards its advocacy efforts (to higher levels of government) and its responsiveness to change, and (3) its customer service. The tables below detail the indicators that were measured for the purpose of displaying each municipality's performance. The bulk of the data was obtained from the databases installed within the CSCs. The GPI was used to score and then rank the MEDI's local government's individual performance:

A. Information Center (IC) - Transparency

Year	No of Submission requirements brochures developed	No of Application forms developed	Number of IC Requests (walk in)	Number of Requests Resolved at IC	Number of CC calls (call in)	Number of complaints received	Number of complaints resolved	No of LG information docs
2003	1,483	3,317	144,175	78,420	11,176	789	500	932
2004	4,022	9,402	288,182	156,309	32,045	1,404	1,034	1,535

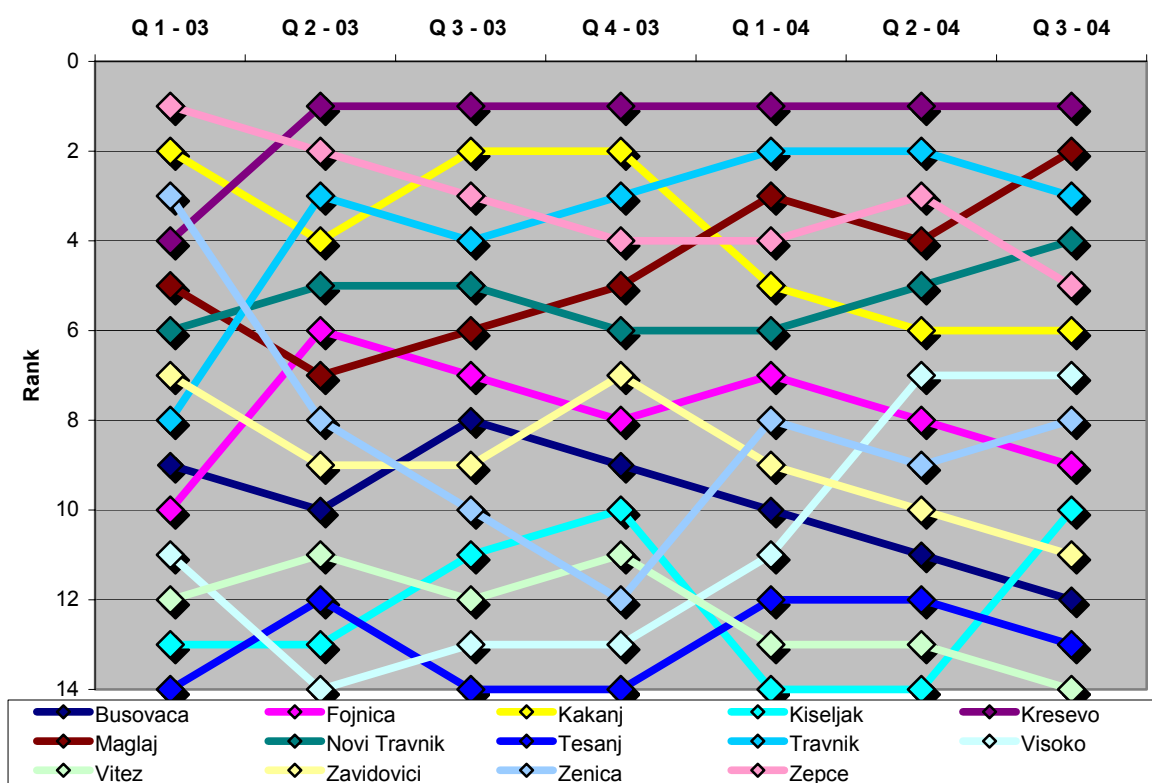
B. Advocacy & Responsiveness

Year	Municipal Coordination with Public (includes DC)	No of initiatives responded to	No of initiatives resolved to Public Advocacy (Responsiveness)	Coordination with other government levels & agencies	No of initiatives to other governments or agencies (Advocacy - Pressure)	Effective Actions towards higher levels of government & agencies	No of unsolicited changes introduced by the municipality
2003	1,296	704	448	348	240	49	217
2004	2,053	1,084	683	588	353	82	363

The GPI tracked the performance of the individual municipalities by tracking a variety of indicators under the following categories:

1. **IC/CC (Transparency) activities** - (weight = 1/3): By municipality, this data tracks the: number of submission requirements forms available, number of applications forms available, number of LG brochures, number of IC requests, number of CC requests, number of complaints received, number of complaints resolved, and average days taken to resolve complaints. Data for these indicators are available from all 14 local governments.
2. **LG Advocacy & Responsiveness activities** (weight = 1/3) – By municipality this data tracks the: number of LG public coordination attempts, number of public initiatives received, number of public initiatives resolved (effective actions), number of LG coordination attempts with other government, number of LG initiatives towards other government, number of LG effective actions towards other government, and number of positive unsolicited changes introduced by the LG. Data for these indicators is available for all 14 MEDI local governments.
3. **Customer Service** (weight = 1/3) - By municipality this data tracks the: LG public satisfaction survey, average number of process steps identified, and average process time. Data for all 14 local governments is only available for the LG public satisfaction survey.

Quarterly Rank of Municipalities in Overall Achievement of MEDI Objectives



The best performing municipal governments at the end of the project are:

Category	Local Government	Comments
Overall 1 st Rank:	Kresevo	<ul style="list-style-type: none"> 11th Rank - IC/CC activities (Transparency) 2nd Rank – LG Advocacy & Responsiveness activities 4th Rank - Customer Service
IC/CC (Transparency) activities 1 st Rank:	Kakanj (overall 4 th Rank)	The Kakanj LG has worked effectively to improve its services and transparency towards the public.

LG Advocacy & Responsiveness activities 1 st Rank:	Maglaj (overall 2 nd Rank)	The Maglaj LG has demonstrated the most attempts and success to seek reform by coordinating with the public and other levels of government.
Customer Service 1 st Rank:	Travnik (overall 3 rd Rank)	The Travnik LG was the 3 rd scored municipality within the Public Satisfaction survey and has high municipal contributions

The worst performing municipal governments at the end of the project are:

Category	Local Government	Comments
Overall 14 th Rank:	Vitez	<ul style="list-style-type: none"> 11th Rank - IC/CC activities (Transparency) 13th Rank – LG Advocacy & Responsiveness activities 7th Rank - Customer Service
IC/CC (Transparency) activities 14 th Rank:	Zepce (overall 6 ^h Rank)	The Zepce Municipality has failed to effectively utilize the CSC to its optimal level.
LG Advocacy & Responsiveness activities 14 th Rank:	Busovaca (overall 12 th Rank)	The data presents that the Busovaca LG is the least likely to engage with the public or other government for the purpose of engineering reform.
Customer Service 14 th Rank:	Maglaj (overall 2 nd Rank)	The results of the last Public Satisfaction Survey indicate the respondents are not satisfied with the delivery of services from the Maglaj LG. The Municipal contributions are also very low – 8000 KM (Rank 12).

Exit Strategy:

It is anticipated that after the end of the MEDl project the governance activities will continue to be implemented due for the following reasons:

- The embracing of ‘customer service strategy’ by the local governments within the MEDl project. This is evidenced by their own fund contributions to expand on the already commenced customer service activities¹⁰. All the necessary facilities, trained staff and equipment will exist to enable the local government to continue these activities after the end of MEDl.
- With the completion of the MEDl project, the graduation of the MEDl partner municipalities was measured using following criteria;
 - Reduction of selected professional services application process times by 30%;
 - Input of all required data into the respective databases – automation of processes;
 - Increase in the number of public users of the IC/CC and BTC facilities;
 - Documentation and presentation of all municipal government procedures and submission requirements; and
 - Improvement of the public customer satisfaction survey results
- The local PPP partnerships started by the MEDl project will continue under the auspices of the REZ institution.

As demonstrated within the data, with minor exceptions, virtually all MEDl partner municipalities achieved the graduation criteria.

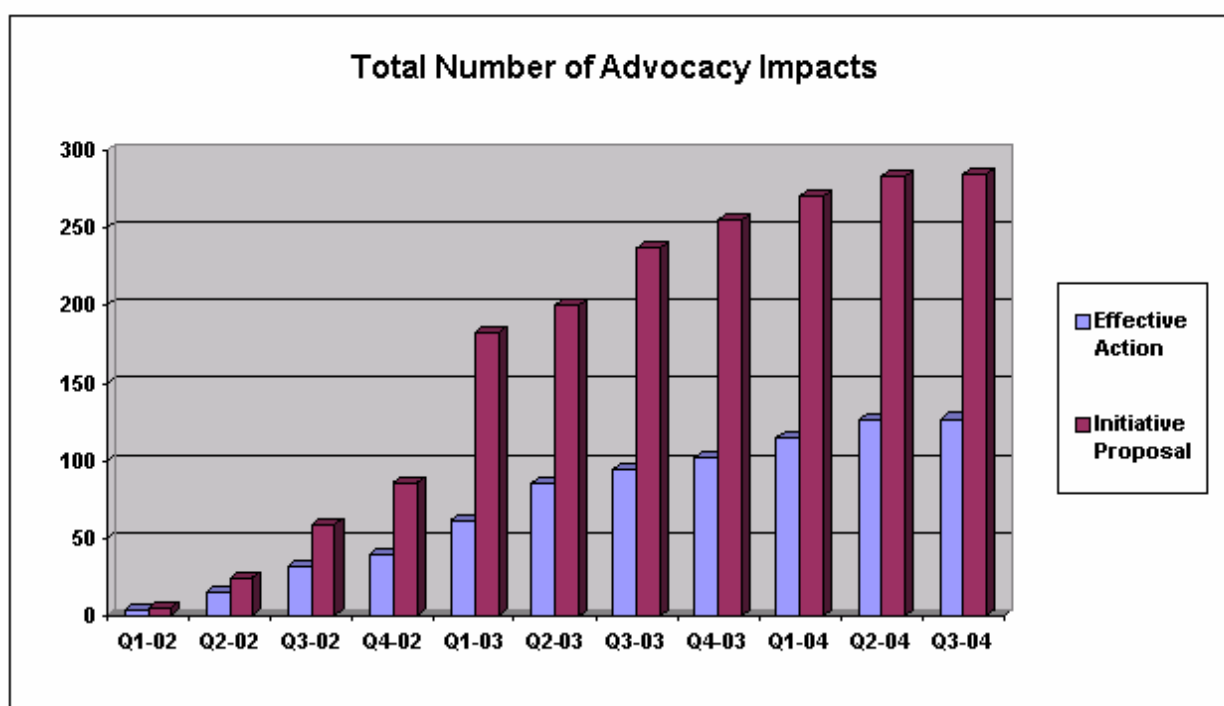
10 - by the end of August 2004 the partner municipalities had matched US\$0.60 in either construction, training, publications or equipment for every US\$1 granted under the MEDl project for the purpose of achieving the project objectives

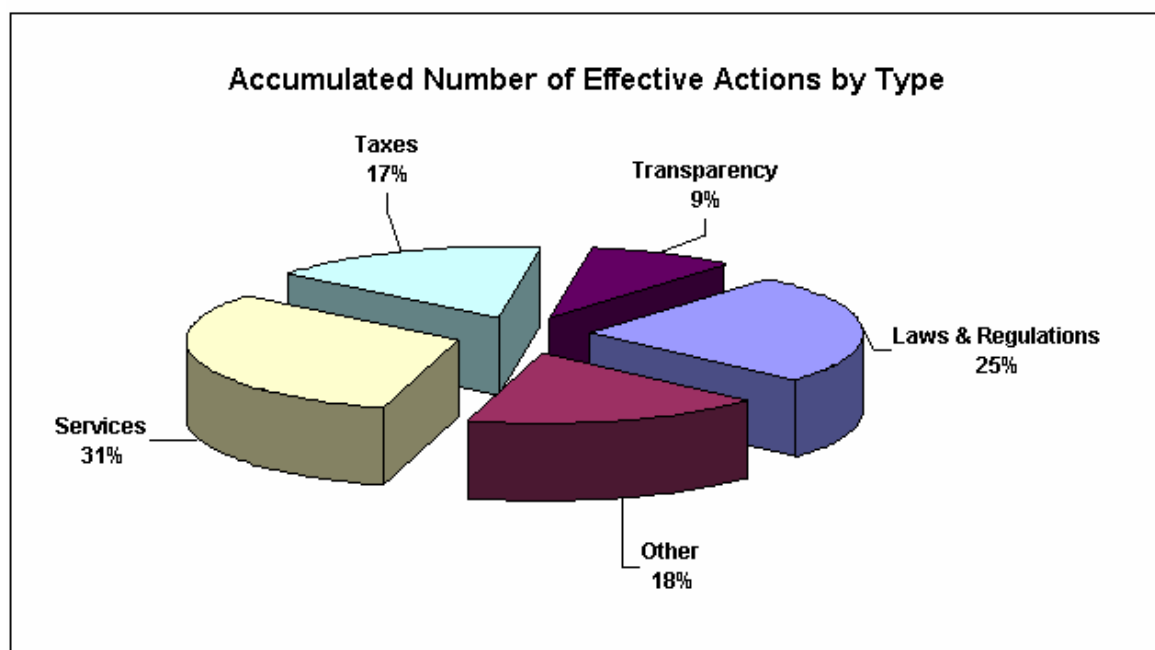
5. ADVOCACY ACTIVITIES

A major component of the MEDI project was to seek reform for the purpose of improving the economic environment. The vehicle for this advocacy and policy reform activities was the private public partnerships (PPP) established under MEDI, between the private sector and the local governments. In total there were **127 'effective actions'** or reforms that were achieved by the MEDI established PPP structures. The crystallizing force behind many of the 'effective actions' was the *Razvojna Ekonomska Zajednica* (REZ) organization. The REZ was established for the initial purpose of supporting the advocacy and reform efforts of the MEDI partner local governments and associations.

PPP Reforms & Effective Actions:

The pie below displays the percentage of the type of effective actions achieved since the beginning of the MEDI project (**127 effective actions**). The majority (31%) of the reforms were improvements in services, followed by the laws and regulations (25%) and other (18%).





Please see **Attachment 1** for a detailed overview of all effective actions that have led to a positive reform change, which have been conducted by CDC/REZ/LG during the project period.

5.1 Razvojna Ekonomska Zajednica (REZ)

Establishment of REZ:

The establishing assembly of the REZ was held on 7th May 2003 in “Dom Penzionera” hotel in Zenica. The founders of the REZ gathered around a vision of development of regional partnership between entrepreneurs and municipal authorities aimed at contributing to the positive changes that would boost economic development in the central areas of Bosnia and Herzegovina.

The Regional Economic Network is essential for the stakeholders of economic development and is the only body identifying and working on regional development needs and potentials in Central Bosnia. REZ accesses funding sources to serve regional economic needs for not only the founders and members, but the region as the whole.

Structure of REZ:

REZ Assembly is composed of 14 associations of entrepreneurs and 14 municipal mayors from Central Bosnia and Zenica-Doboj cantons. The Chairman of REZ Steering Board is **Zoran Gazibaric**, the Chairman of the Association of Entrepreneurs of Travnik, and the Deputy Chair is **Katica Cerkez**, the Mayor of Vitez Municipality.

The members of the Steering Board are:

- **Mato Zovko**, Mayor of Zepce Municipality;
- **Mustafa Memija**, Mayor of Fojnica Municipality;
- **Ernes Djelmic**, Chairman of the Association of Entrepreneurs of Zavidovici Municipality;
- **Ismet Sacirovic**, Chairman of the Association of Entrepreneurs of Zenica Municipality;
- **Maja Kisic**, CHF Coordinator for association development; and
- **Ismet Sarajlic**, CHF Coordinator for co-operation with municipal authorities.

The Director of REZ is **Amela Malicbegovic**.

REZ Bulldozer Activities:

On 12 November 2002, at the initiative of the High Representative, Mr. Paddy Ashdown, a group of Bosnian businesspeople and representatives of the main international financial organizations, launched the Bulldozer Committee. The objective was to build a working partnership between BiH politicians and businesspeople and to identify specific clauses in legislation that prevent companies

from expanding their businesses and creating more jobs. The initiative continues today and is in its third phase, being completely run by local stakeholders. For detailed information please visit www.bulldozer.ba.

Bulldozer (Phase I)

REZ initiated series of activities with the purpose of creating a healthier business environment for its members by formulating initiatives aimed at improving their business opportunities. Due to its participation in the identification and removal of obstacles for the development of economy in BiH, REZ was actively involved in “Bulldozer action- phase I” defining the package of 50 economic reforms.

Members of REZ were the authors of 13 reforms in the first phase of “Bulldozer Action”. When the first 50 reforms were presented at the joint meeting of the BiH Council of Ministers, the FBiH Parliament, the RS Parliament, the Brčko District Government and a number of ministers, held on 25 March 2003, REZ played the exceptionally important role of moderator.

Bulldozer (Phase II)

The reforms of the Bulldozer initiative materially improved the business environment of Bosnia and Herzegovina and this success prompted engagement in a second phase of reforms called “Bulldozer phase II”. (Clause 3 Protocols for Prosperity 4th June 2003)

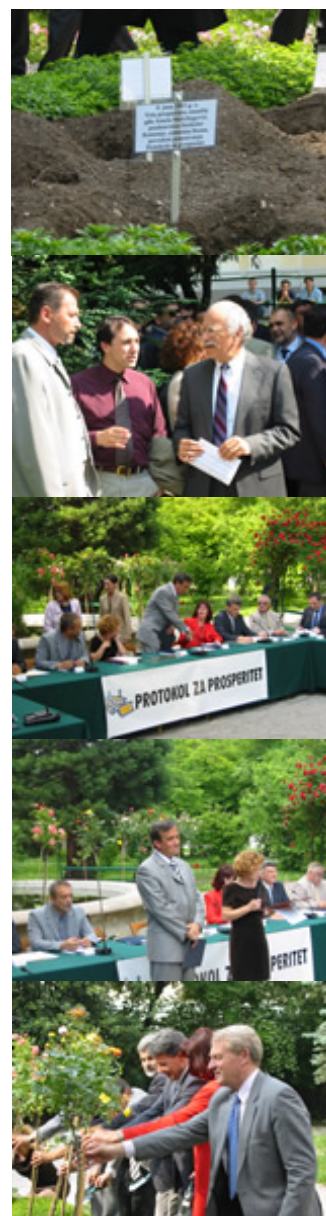
June 4, 2003 was a big day in the history of REZ. Together with five other regional coordinators of “Bulldozer Commission” and the representatives of highest authorities of BiH, REZ signed the Prosperity Protocol whereby BiH government pledged to give full support to the implementation of the 50 reforms identified in the first phase of “Bulldozer Action”. That day, in the Botanical Gardens of the Sarajevo National Museum, the signatories of this important document planted a rose in the part of the gardens symbolically named the Garden of Prosperity.

Shortly afterwards, on June 12, 2003, REZ was awarded the extraordinary honour of inauguration as the Coordinator of the Regional Bulldozer Committee for Central Bosnia. Empowered with this special recognition and with the new members included in its activities, REZ became the institution focused on advocacy and lobbying for the changes that would contribute to the economic growth and prosperity for the citizens of BiH.

In the second phase, REZ received 75 initiatives from its members, associations of entrepreneurs and municipalities, of which 25 were forwarded to the Office of the High Representative in Sarajevo, and a package of 50 economic reforms was defined, of which REZ was the author of 11 which included

- Drafting and passage of the BiH Law on National Holidays;
- Resumption of municipal competencies with regards to the issuance of construction permits and urban planning approvals for all business;
- Amendments to the FBiH Law on Public Revenues so that it benefits municipalities;
- Harmonization of laws on trade in RS with those in the FBiH and their implementation in terms of combating black market; and
- Adoption of tax exemptions for the employment of disabled.

The presentation and hand over of the above-mentioned reforms to the governments in BiH was held in October 2003, and as of the end of January 2004 all the reforms have been implemented.



Activities of REZ were promoted at the Parliaments of Federation of BiH and of the State of BiH, while the representatives of REZ had meetings with the Deputy High Representative, Mr. Donald Hays, and the Chairman of the BiH Council of Ministers, Mr. Adnan Terzic.



Presentation by REZ Director to World Bank in Washington.

Phase III

The third phase of the Bulldozer committee, aimed at eliminating existing barriers in business operations, officially started on the July 7, 2004.

According to Mr. Donald Hayes, Deputy High Representative, the third phase represents a joint effort of the authorities and employers of BiH, no longer directly of OHR. OHR will only take a facilitation role in the third Bulldozer Phase while REZ RDA as the regional Bulldozer committee coordinator will continue to give the full contribution to the Bulldozer committee activities.



Initiation of Phase III Sarajevo 7th July 2004

Future Role of REZ:

From its humble grass roots beginnings and as a consequence of its initial success, REZ has received EUR1.4 million in funding from the *Swedish International Development & Cooperation Agency* (Sida) for the purpose of developing REZ into a Regional Development Agency. The Sida funded *Regional Economic Development Initiative* (REDI) has the objective of capacity building REZ to conduct the following activities:

1. Economic Planning & Project Cycle Management
2. Entrepreneurial Development
3. Advocacy and Policy Reform
4. Enterprise Networking and Linkages.

To support the above activities, in the post-MEDI period, REZ will also obtain funding from the European Union Regional Economic Development (EURED) project and the Royal Netherlands Embassy (RNE).

6. ASSOCIATION DEVELOPMENT ACTIVITIES

CHF implemented a thorough baseline assessment study in municipalities targeted for MEDI, and chose existing active organizations or helped establish new ones with qualities and interest to partner with us, provided they were able to meet project criteria. CHF assisted associations choose full-time staff, and implemented a broad training program, including training of the Management Board and staff in a range of association management skills. Assistance in development of management capacity of local partners allowed for implementation of micro-credit activities, a tool for spurring membership growth and expanded member services, leading to long term sustainability of these associations.

Technical assistance delivery was built around capacity building, lending, advocacy and revenue generating activities for CDCs. By working closely with local authorities, CHF was able to identify key areas of importance for the local community and develop a strategy for building a solid and durable private-public partnership between CDCs and municipal government.

6.1 Partner Development

All 14 MEDI partner association *Community Development Corporation* (CDCs) (Busovaca, Fojnica, Kakanj, Kiseljak, Kresevo, Maglaj, Novi Travnik, Tesanj, Travnik, Visoko, Vitez, Zavidovici, Zenica, and Zepce) from the Zenica-Doboj and the Central Bosnia Cantons signed Partnership Agreements (PA) with CHF. The partnership agreement defined the obligations held between CHF and the CDCs during the implementation of the MEDI Project.



Signing of Partnership Agreement between CHF and Business Association “Fortis” Visoko¹¹

¹¹ Partnership agreement with “Fortis” Business Association was the last of the 14 agreements signed under the MEDI project between April 2002 and January 2003

Sub-grants and In-kind donations:

The CDCs under the MEDI Program were awarded three different types of sub-grants:

- Organizational development sub-grants (phase I), awarded to all 14 CDCs,
- Income generating sub-grants (phase II), awarded to all 14 CDCs, and
- Competitive income generating sub-grant (phase III) were awarded to 4 CDCs - Kiseljak, Travnik, Zavidovici, and Fojnica.

For the implementation of these sub-grants, CHF provided, in whole or in part, necessary equipment and furniture required by CDCs.

All in-kind donations to the CDCs under the three above-mentioned phases of sub-grants can be found in the table below:

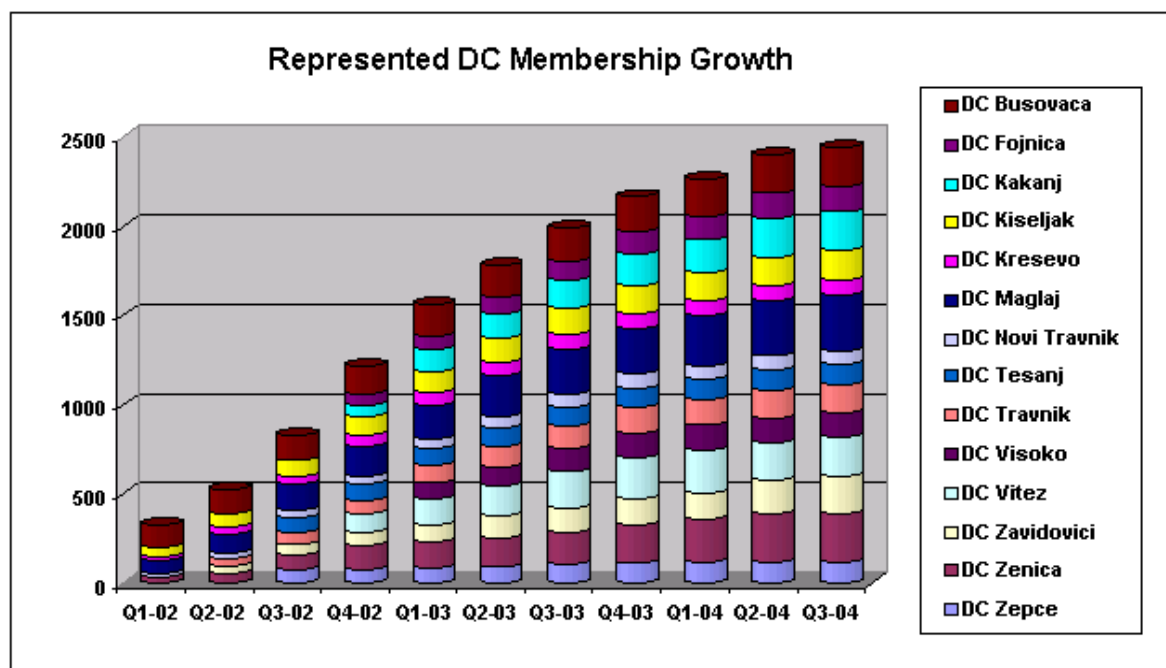
Municipality	Type of Equipment					
	Computer	Fax	Copier	Printer	Furniture	Other
Busovaca	1	1	1	2	18	8
Fojnica	1	1	1	2	17	4
Kakanj	2	1	1	1	17	2
Kiseljak	2	1	1	2	7	4
Kresevo	3	1	1	1	17	4
Maglaj	1	1	1	1	18	3
Novi Travnik	1	1	1	1	17	
Tesanj	2			1		6
Travnik	1	1	1	1	21	1
Visoko	2	1	1	1		5
Vitez	1	1	1	1	16	1
Zavidovici	2	1	1	3	13	6
Zenica	2	1	1	1	16	2
Zepce	2		1	1		5
TOTAL	23	12	13	19	177	51

Knowledge Management - Association Membership Database:

An Association Development Database was developed and installed on all computers donated to the MEDI Associations. This database enables the CDCs to effectively track their membership, CDC activities, credit operations, and reporting requirements to CHF. CHF, on the other hand, utilizes this database as a project management and tracking tool.

Association Growth & Member Composition:

Data extracted from the CDC database demonstrates that total membership as of the end of the MEDI project was **2,449** members. The graph below demonstrates the membership growth since the inception of the MEDI program. **20%** of all members were women and **12%** of all members were returnees.



Data extracted from the CDC database also state that the total number of employees represented from the business owning members as of the end of 3-04 quarter was **14,035** employees. 36% of all employees were women and 4% were returnees.

Partner CDC Training:

The types of training events conducted and participants involved during this project are outlined within the table below:

	Type	Since Beginning of Project
Workshops/Seminars and other training events	Total	304
	• Advocacy & Lobbying	13
	• Business Development Services	2
	• Computer Training	27
	• Credit Operations	50
	• Organizational Development	90
	• Other Project Development & Subgranting	1
		117
	• Promotion	4
Participants	Total	1,019
	Association Board Member	385
	Association Credit Committee	50
	Association Executive Director	5
	Association Manager	452
	Association Member	98
	Association Other	17
	Other Participants	12

The following is a short overview of the training curriculum used during the MEDI Program period:

1 – Orientation Workshops in DC organization and activities

Objectives:

- The objectives of the workshop were to introduce CDC Boards and Executive Managers to all relevant information about developing associations and implementing the MEDI Program in general and provide an opportunity for information exchange and discussion on relevant issues in the implementation of the program.

2 – Organizational Development

Objectives:

- The objective of the training was to establish efficient CDCs capable of performing their activities and functions through clarifying basic organizational structure, roles within it, vision and mission.

3 - Proposal Writing

Objectives:

- The objective of the training was to enhance the Executive Managers' and the Board members' ability to administer DC properly, particularly in regard to partnership with CHF. The training covered topics like sub-grant proposal writing (annual activity plan and budget), reporting, advance closing, and project-oriented sub-grant proposal writing.



Proposal writing training at Zenica for partner business Associations' executive managers and board members

4 - DC Public Relations

Objectives:

- The objective of the training was to develop and adopt the visual identity of the CDCs and build the necessary skills for promoting CDC activities through bulletins and press releases.



Public relations training for executive managers at CHF Zenica

5 – Strategic Planning

Objectives:

- The objective of the training was to provide the CDC Board members and Executive Managers with necessary knowledge to prepare and conduct the strategic planning process. Topics covered include preparation; vision and mission; internal – external situation analysis; development of strategic plan; development of goals and tasks; strategic plan implementation; supervision and evaluation; financial evaluation of a plan of action, and budget preparation.

6 - IT Training

Objectives:

- The objective of the training was to develop Executive Manager skills for regular administrative work in the CDsC through personal computer and software usage training.

7 - Technical Assistance Training

Objectives:

- The objective of the training was to provide the Executive Managers with basic skills in business management in order for the EMs to provide business services to the members of the associations. Topics included business legislation in BiH, market research, business planning, financial management, bookkeeping, and marketing planning.

8- Advocacy for CDCs

Objectives:

- The objective of the training was to introduce CDC Boards and Executive Managers with basic concepts, procedures, and activities regarding advocacy. Topics covered included basic concepts of advocacy; planning an advocacy campaign; evaluating success of advocacy campaigns; communicating with government officials and political parties; using media for advocacy campaigns; increasing strength through community mobilization; and increasing strength through coalitions.

Each training was evaluated by participants and training report compiled and submitted by Sector Coordinator or Training Officer. A typical **Training Report** is appended to this document.

Partner CDC Progress:

During the life of the MEDI project the CDCs have developed considerably. Some of their success stories can be found in the paragraphs below.

Economic linkage - potential investors

Association of Entrepreneurs of Tesanj – Jelah

Association of Entrepreneurs of Tesanj – Jelah focused on establishing the links with the entrepreneurs in other regions of Bosnia and Herzegovina as well as those from abroad. Business relationships were established with the Bosnian-German Insurance, Helios Insurance and the Slovenian Company “Gardenija” whose business is the export of pine cones.

Having established these relationships, the Association of Entrepreneurs of Jelah-Tesanj will provide 1) economic prosperity of the municipality, 2) the possibility for local companies to generate profit and create new jobs, and 3) conditions for economic self-sustainability of the Association itself.

“On Independence Day, the Association of Businesspeople Jelah-Tešanj organised a two-day economic-cultural event called “Business Days 2004”, which took place at the Sports Centre in Jelah. Participants in the event included, among others, high officials of the Zenica-Doboj Cantonal Government and guests from Tuzla Canton. Around 50 business associations from the area of Tešanj took an active part in the event. A Round Table “Business in BiH” was also organized. It was concluded that activities of associations will aim at creating as favourable environment as possible for work of their members, development of entrepreneurship, professional and business connections of businesspeople, exchange of experience, strengthening private initiative, and creating better legal and other conditions for smoother business operation. The associations are seen as service providers in this process. General sponsor was the Zenica-Doboj Cantonal Government, with support of many sponsors coming from the private sector and media”.

Education of Entrepreneurs

Association of Entrepreneurs of Travnik

Association of Entrepreneurs of Travnik aimed its activities towards education of its members as well as entrepreneurs from Travnik Municipality and the neighbouring municipalities. Members of the Association attended the IDEA (Dutch SFOR Project) training aimed at educating entrepreneurs in financial management, human resources management, marketing, and strategic planning. Entrepreneurs of Travnik Municipality were also trained on European Union regulations.

Participants in formulation of Development Strategy of Zenica Municipality

Association of Entrepreneurs and Employers of Zenica

Actions of the Association of Entrepreneurs were particularly important for Zenica, burdened as it is with its legacy of huge industrial systems that have just started taking steps towards development and incentives to entrepreneurship. Entrepreneurs, formerly organized in several minor associations, became aware of the need to join forces in order to build an institution of reputation to make them a relevant and respectful partner for the municipality. Upon the initiative launched by the entrepreneurs, the Association of Entrepreneurs merged with another association and formed an Association of Entrepreneurs and Employers. This Association established a successful public-private partnership with the municipality and took an active part in planning and preparing the Economic Development Strategy of Zenica Municipality. It also initiated regional public debate on this document.

A formula for self-sustainability

Association of Employers of Kiseljak Municipality

Association of Employers of Kiseljak Municipality reached an almost 50% self-sustainability rate. This rate was achieved for several reasons. The membership structure was marked by a significant number of owners of medium-sized business who paid their membership fees in a timely manner. The Association initiated a large number of approved credit applications for which the Association received fees. Additional income-generating services for the association's members were also developed. These services include the production of promotional and advertising materials, maintenance and installation of computers, and individual (one-on-one) computer courses for entrepreneurs.



**Young entrepreneurs and students showing certificates
after completing a computer course offered by Kiseljak
Business Association**

Entrepreneurial spirit awakening

Association of Entrepreneurs of Kakanj

In its past, Kakanj Municipality was the industrial stronghold with little instances of private initiative. The Association of Entrepreneurs of Kakanj is relatively young and still copes with the legacy of the town's economic past. However, in a very short time, the Association attracted a large number of members and provided support to entrepreneurs in starting new businesses. Also, it reached a very high level of Micro "REZ FOND" credit line loan allocation, especially loans earmarked for improvement of housing conditions.

Entrepreneurial Self-Help

Association of Entrepreneurs of Maglaj

Association of Entrepreneurs of Maglaj engaged its members in educational programs for young entrepreneurs facilitated by experienced and successful members. In other fields where the members lacked expertise, outsourced training was organized in order to satisfy the needs of its members. The Association provided computer usage and English language training to its members.

Orientation to agriculture

Association of Employers of Busovaca

Association of Employers of Busovaca Municipality has 191 members, of which 133 are involved in agriculture. The Busovaca Association pursued opportunities to improve agriculture by accessing credit, formulating business plans, and finding strategic partners. BA Busovača established partnership cooperation with agricultural business "Klas" Sarajevo and in that way secured market for its members' produce.

Promotion and business linkages

Association of Entrepreneurs Visoko

Association of Entrepreneurs "Fortis" Visoko is the youngest association in the business network of REZ. Particular attention is given to the promotion and protection of domestic production and business linkages. This Association organized the first Domestic Product Fair held on June 20-21 2003, and entrepreneurs from all other 13 "REZ municipalities" participated. In this way, BA Visoko helped strengthen cooperation between 14 associations but also succeeded in linking their members with similar business interests and laid ground for their future business cooperation. Direct linkages with businesses from other municipalities have already started to shape into concrete contracts.

Strategic orientation to tourism

Association of Entrepreneurs of Fojnica

Association of Entrepreneurs of Fojnica Municipality is one of the “most recent” enterprising structures. It worked on the building of entrepreneurial spirit in the municipality and strategically oriented itself to tourism as a prospective economic branch, as Fojnica is considered one of the most attractive tourist destinations in BiH. Hence, the Association published an extensive economic guide through Fojnica, as an additional element to attract guests and investors the city and environs.

Improvement of Business Environment

Association of Entrepreneurs of Zavidovici

In a very short time, the Association of Independent Entrepreneurs of Zavidovici initiated activities that helped improve businesses in this municipality. The Association began by offering their members administrative and legal services provided by outsourced experts. In addition, the Association offered Internet access in the Association's premises for the purpose of obtaining better economic information.

Representative of entrepreneurs' interests in the process of allocation of land

Association of Entrepreneurs of Vitez

The Association of Entrepreneurs “Lasva Business Club” focused its activities on the representation of its members' interests in the process of land allocations in the Business Center 96. The association provided support to its members in preparing project design documentation for them to compete for the land in this Business Center. Also, it has established very close co-operation with the Association of Entrepreneurs of Vitez to articulate entrepreneur' shared interests to local authorities.

Professionalism in serving members and community

Association of Entrepreneurs and Employers of Zepce

The Association of Entrepreneurs and Employers of Zepce was established in 1999 and now has more than 80 active members. Ivica Curic, an entrepreneur with over twenty years of experience in the development of private sector, is now the leader of the Association's activities.

Creating a healthy business environment and influencing legislation that would lead to job creation is the key mission of this Association. It advocated numerous positive reforms within REZ and follows a “continuity for quality” slogan. The Association built a reputation for the efficient and proactive attitude of its members as well as of individuals outside the association.

The scope of its activities is broad - from forming business incubators to public advocacy in drafting of the Development Strategy of Zepce Municipality. Activities initiated by this Association include:

- Professional re-orientation of demobilised soldiers of Zenica-Doboj and Central Bosnia Cantons projects, with 200 beneficiaries
- Creation of the agricultural union “Agro” aimed at reviving one of the primary branches of economy in Zepce Municipality

Self-sustainability is gained by providing advertising and marketing services; offering assistance with business planning; web sites design; and educational workshops preparation.

6.2 Partner Activities

Types of sub-grants:

Organizational development sub-grants (phase I) were awarded to all 14 CDCs. The purpose of these sub-grants was to support the organizational and structural development of each of the CDC as a partner for dialogue with the respective Municipalities in order to improve the environment for economic development.

Income generating sub-grants (phase II) were awarded to all 14 CDCs as well. The main aim of these sub-grants was to enhance the financial self-sustainability of the Cooperations. The CDCs worked towards developing their association as service providers to meet the demand of the business community. CDCs were improving their expertise, focusing on strengthening organizational capacity, and diversifying their income sources. The income generating sub-grants assisted the CDCs to provide fee-based services, which are supplementing their income. Some of the additional services included the elaboration of business plans, project documentation, and design and maintenance of web pages, and advertising materials.

Methodology of supporting business associations' capacity building and projects (CDC Visoko example):

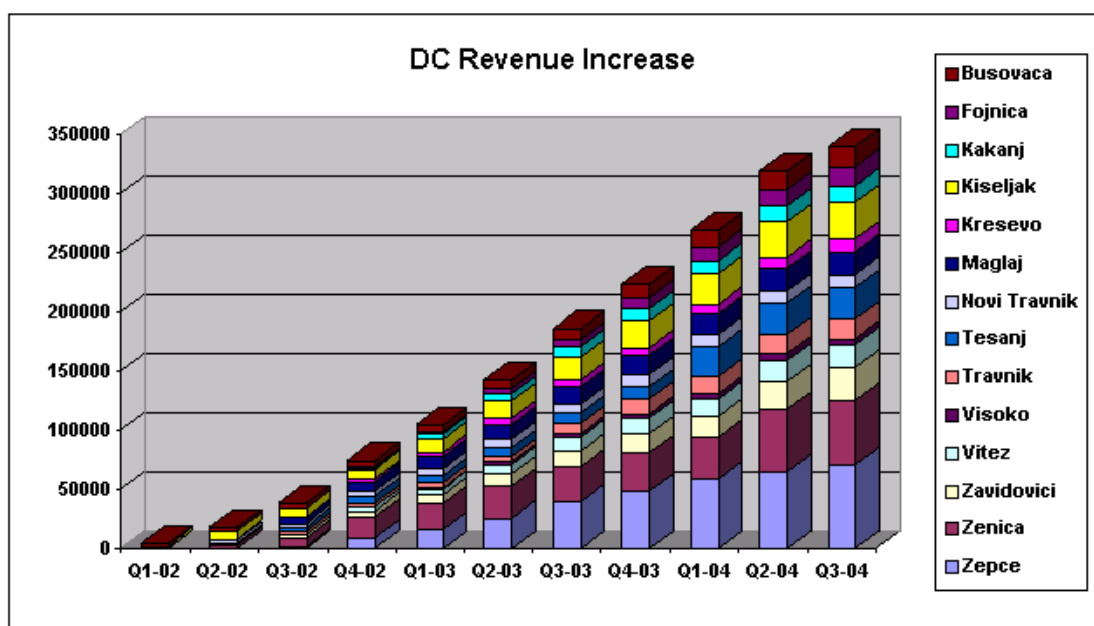
Memorandum of Understanding between CHF International and Udruženja privrednika" Fortis" Visoko		
Objective: to establish the conditions for collaboration between the parties with a view to implement MEDI Project financed by USAID.		
Phase	1st phase	2nd phase
	Capacity building	Income Generating Service Development
Objective:	Capacity Building of Business Association as a partner for dialog with Municipality to improve environment for economic development; initiation of basic activities and help with DC image development and understanding of DC's role in the community	Develop services for DC members and citizens to increase level of self-sustainability: 1. Agent services
Selection Methodology	All 14 Dc's from the list of 14 municipalities approved by USAID	All 14 Dc's from the list of 14 municipalities approved by USAID
Budget Amount:	20,000 KM (10,000 USD)	12,600 KM (7,000 USD)
Period:	Start date 15-01-2003; End date 15-01-2004	Start date: 01-10-2003.; End date: 31-07- 2004 Actual start date: 10-12-2003
Financial indicators	Participation in total costs: 43,15 % Sustainability index: *actual: 33,52 % Financial requirements fulfilled. Financial audit results satisfactory	Sustainability index at this moment: *actual: 64,10 % Financial audit results: 1st audit requirements fulfilled
Program	List of activities: -To develop and build organisational structure -Popularisation of DC -Cooperation with local government	List of activities: -Market research; -Creating of promotional strategy for each service;
Equipment	List of equipment: computer-1; copy machine-1; printer-1; Fax-1; Dictaphone-1 ; scanner-1	List of equipment: laptop-1;

Implementation of the competitive income generating sub-grants (phase III) was an ongoing activity in 4 CDCs - Kiseljak, Travnik, Zavidovici, and Fojnica. The main purpose of this sub-grant was to improve the CDC business services and/or the very business environment in the community. Some of the services developed under this sub-grant included printing of tourist and business guides and provision of administrative and legal services.

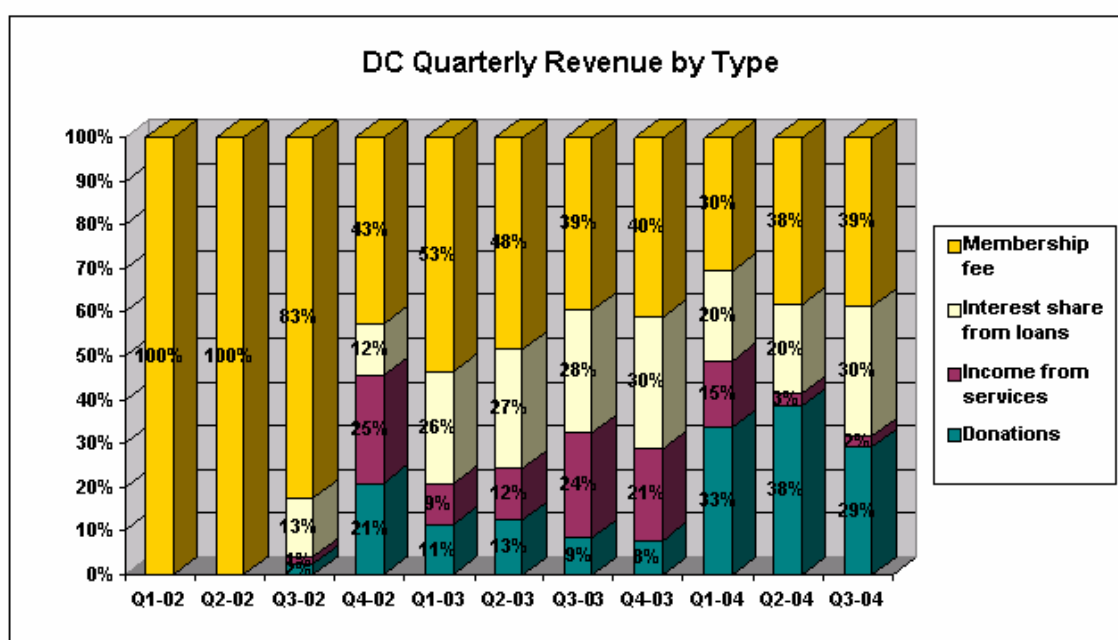
CDC Sustainability:

By the end of the MEDI program the CDCs raised **338,872.9 KM** in revenue for the purpose of sustaining their operations and providing services. During the last quarter the CDCs raised **50,230.8 KM** in revenue [39% Membership Fees, 30% CHF Shared interest, 29% Donations, 2% Provision of Services, and 1% other (non–CHF) donations/grants].

The following graph displays the growth in CDC revenue.



The following graph presents the proportion of income derived from the respective categories:

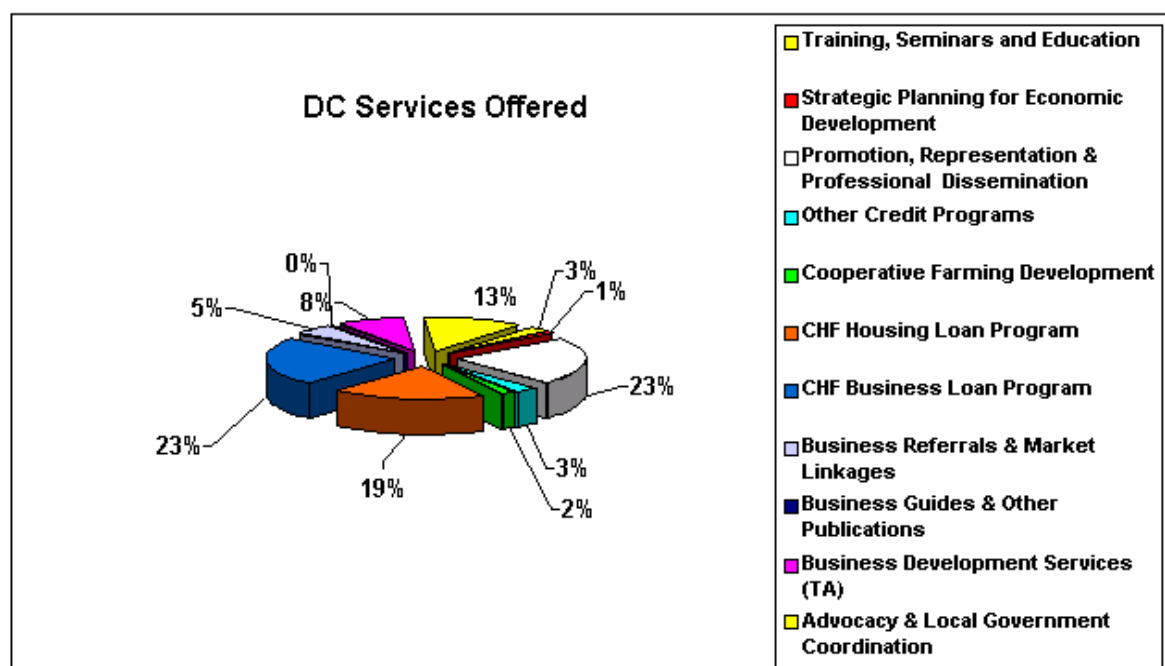


CDC Services:

The main services offered by the CDCs under the MEDI program included the following:

CHF business loans; CHF housing loans; other credit programs; advocacy and local government coordination; training, seminars and education; promotion, representation and professional dissemination; cooperative farming development; strategic planning for economic development; business referrals and market linkages; business development services; and business guides and other publications.

The chart below displays the overall percentage of services offered by the CDCs. The main services were credit (business loans 23% and housing loans 19%) and promotion of their members' interests (23%).



CDC Promotion Activities:

The following CDC promotional events occurred during the life of the MEDI project:

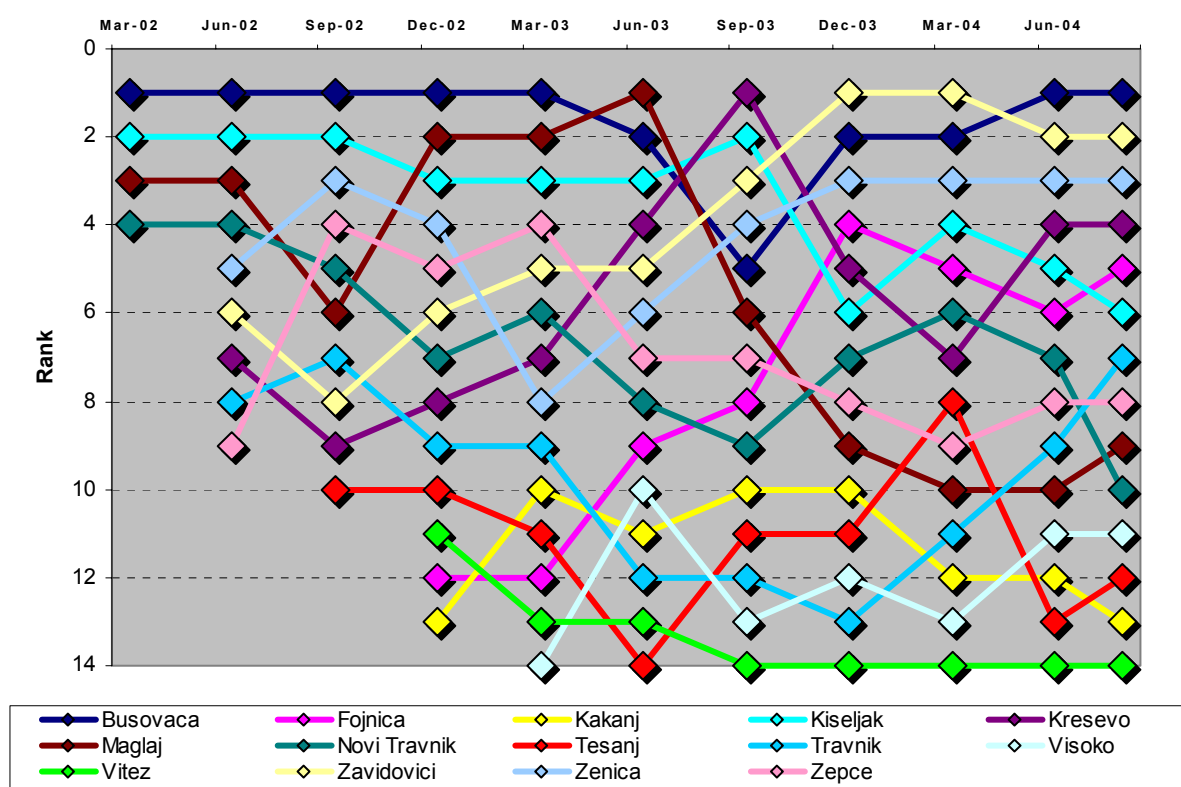
	Since Inception
Number of Media Events	398
Radio Events	138
Television Events	132
Newspaper Events	36
Professional Dissemination Events	2
Other Events	90
No. of Partner CDC Web Sites	4
Number of Printed Materials Distributed	47,751

Partner CDC PERFORMANCE INDEX (PI):

The Partner CDC Performance Index utilizes a ranking system to determine the best performing CDCs. The rank is weighted equally between the following three aspects of the CDCs' activities:

1. CDCs size, quality, composition and activities
2. CDCs advocacy activities
3. CDCs credit activities and sustainability

Quarterly Rank of DCs in Overall Achievement of MEDI Objectives



At the end of this project, the best performing CDCs were:

Category	CDC	Comments
Overall 1st rank:	Busovcaca	2nd Rank - CDC Size, Quality, Activities and Composition 3rd Rank – Advocacy 8th Rank - Credit Activities & Sustainability
CDC Size, Quality, Activities and Composition 1st Rank:	Fojnica (Overall 5th Rank)	This CDC has one of the best multi-ethnic compositions, percentage of returnees and highest rank of manager capability.
Advocacy 1st Rank:	Zenica (Overall 3rd Rank)	This CDC has the highest number of effective actions from the local government.
Credit Activities & Sustainability 1st Rank:	Zavidovici (Overall 2nd Rank)	This CDC has a good portfolio size and one of the highest sustainability ratios due to the income they raise from services, membership fees and the provision of credit.
Largest Credit Portfolio 1st Rank:	Maglaj (Overall 9th Rank)	420,097.04 KM (business and housing loans).

At the end of this project, the worst performing CDCs were:

Category	CDC	Comments
Overall 14th Rank:	Vitez	8th Rank - CDC Size, Quality, Activities and Composition 13th Rank – Advocacy 12th Rank - Credit Activities & Sustainability This CDC is poor at implementing advocacy campaigns and has low membership numbers, percentage of women, EM capability, repayment rate, and sustainability index.
CDC Size, Quality, Activities and Composition 14th Rank:	Zenica (Overall 3rd Rank)	This CDC's business and housing membership is very low. They have low rankings in regards to the number of employees and percentage of returnees. The EM capability is also ranked very low.
Advocacy 14th Rank:	Kakanj (Overall 13h Rank)	This CDC is not actively pursuing coordination or change from the municipal government.
Credit Activities & Sustainability 14th Rank:	Novi Travnik (Overall 10h Rank)	This CDC has not been effective in processing credit services, raising their membership numbers, or providing income-generating services.
Smallest Credit Portfolio 14th Rank:	Novi Travnik (Overall 10h Rank)	46,181.22 KM (business and housing loans) This CDC has the lowest repayment rate and sustainability index.

7. CREDIT ACTIVITIES

7.1 Partner Development

REZ FOND:

“Great opportunities - even for small clients”

The Micro “REZ FOND” was established in March 2002 by CHF International in accordance with the Federation Law on Micro-credits. First under the name of MKO CHF, REZ FOND was responsible for the implementation of the credit component of MEDI Project in the two cantons of Central Bosnia. Micro “REZ FOND” serves the project by providing the impetus for the improvement of social and economic status of the multi-ethnic population in BiH, providing long-term access to necessary financial services, and creating/sustaining employment in a flexible and innovative manner.

In partnership with 14 Association, Micro “REZ FOND” offered:

- Credits for small and medium companies (funds donated by USAID), and
- Credits for the improvement of housing conditions (fund donated by SIDA).

The following delivery methodology was used for the disbursement of credit lines under the MEDI credit component:

Explanation	Responsibilities	
	Mikro REZ FOND	CDCs
Mikro REZ FOND has developed a partnership agreement with a network of 14 CDCs in delivering services for its clients. The partnership and the service contract defines very specific the responsibilities between the parties (presented opposite), program goals and the financial benefits based on an incentive scheme rewarding the quantity and the quality of the joint portfolio.	<ul style="list-style-type: none"> ✓ Provide training and TA for associations ✓ Provide loan fund ✓ Analyze, approve and originate loan ✓ Monitor and report on Portfolio ✓ Closing loan or pursue foreclosure 	<ul style="list-style-type: none"> ✓ Promote and present the loan program to potential clients ✓ Support in completion and submission of loan application ✓ Pre-screen and recommend clients ✓ Monitor the repayments and loan portfolio quality ✓ Provide ongoing feedback on loan program

The table below displays the credit products provided for the clients of the MEDI project:

Loan product	Amounts (KM)	Repay. Term (months)	Commission / Interest	Collateral
Income Generation - Crafts	1,000 – 3,000; 4,000; 5,000	3 – 10;12;15	2% upfront 1.2%;1.1%;1% flat monthly	Guarantors
HILP	1,000 – 5,000; 6,000; 7,000	6 – 24;30;36	2% upfront 0.75% flat monthly	Guarantors
SME Micro loan	5,000 – 15,000	3 - 24	2% upfront 0.75% flat monthly	Guarantors
SME Small loan	15,001 – 30,000; 50,000	3 – 24; 36	2% upfront 15% declining annually	Mortgage, pledge on assets, insurance

7.2 Partner Activities

Loan Portfolio:

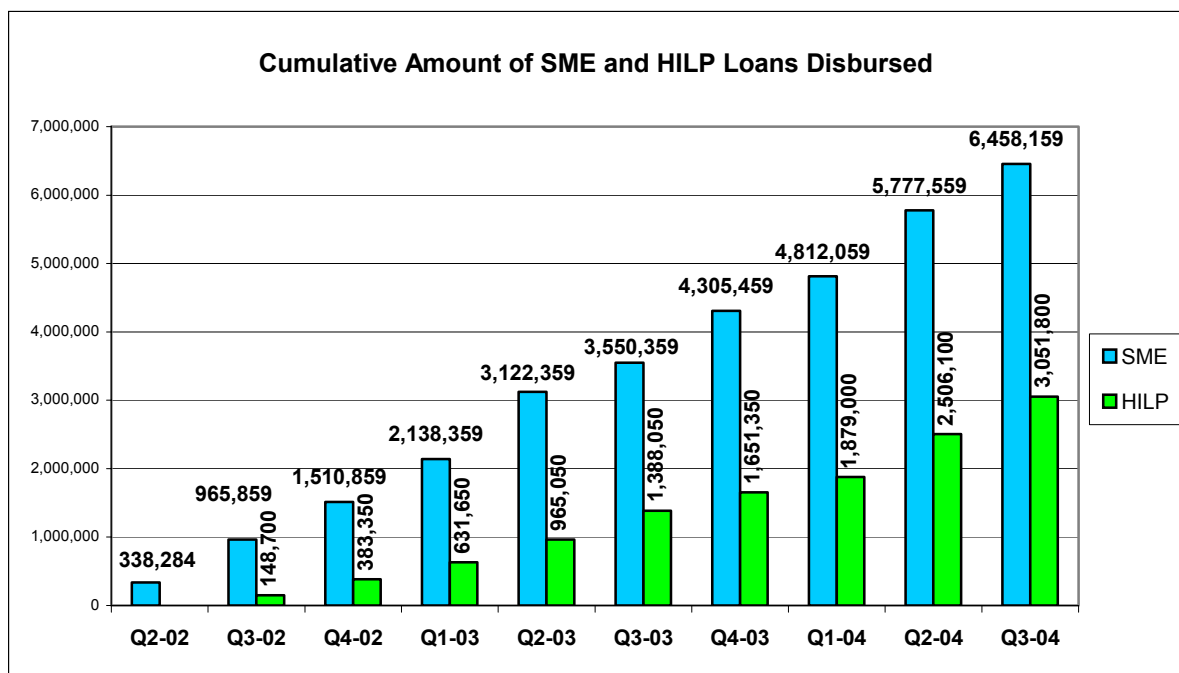
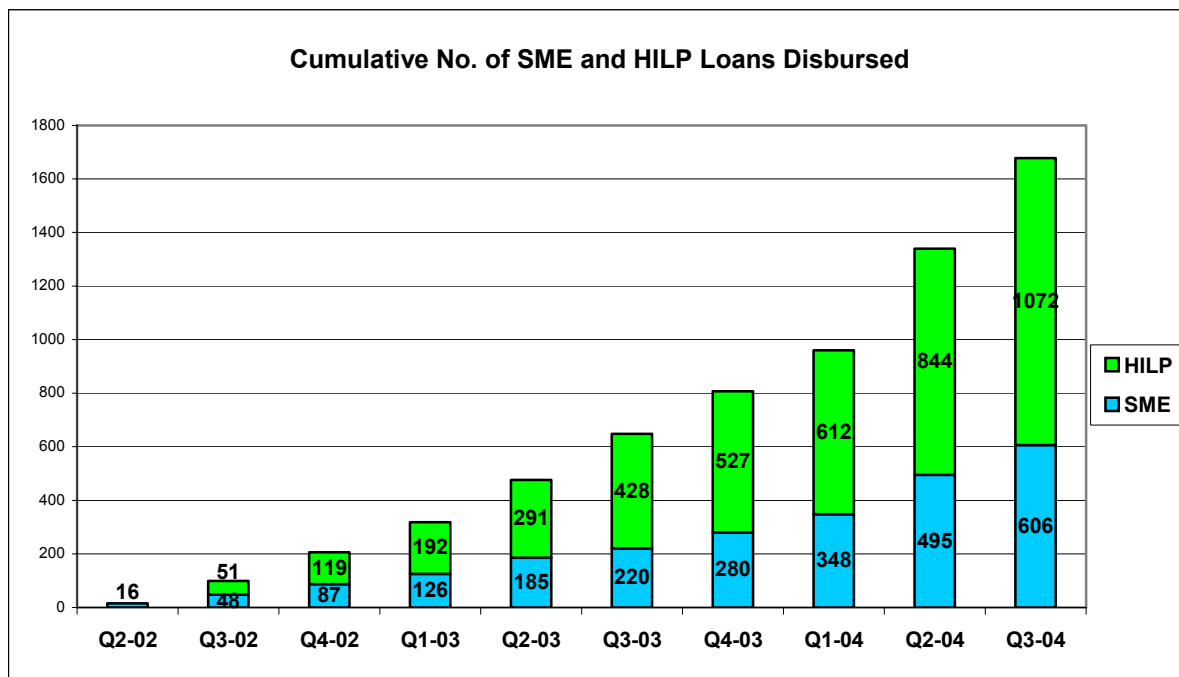
By the end of the MEDI Program MKO “REZ-FOND” disbursed **1,678** loan applications worth **9,509,959.00 KM** or an equivalent of **\$5,506,902**.

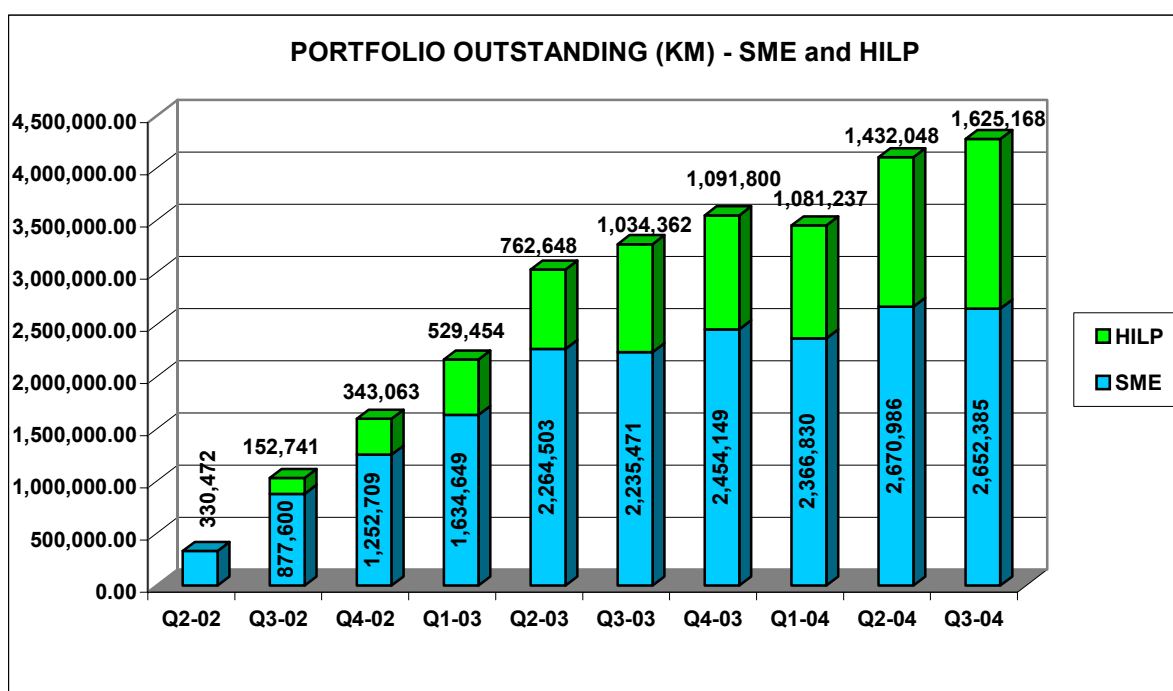
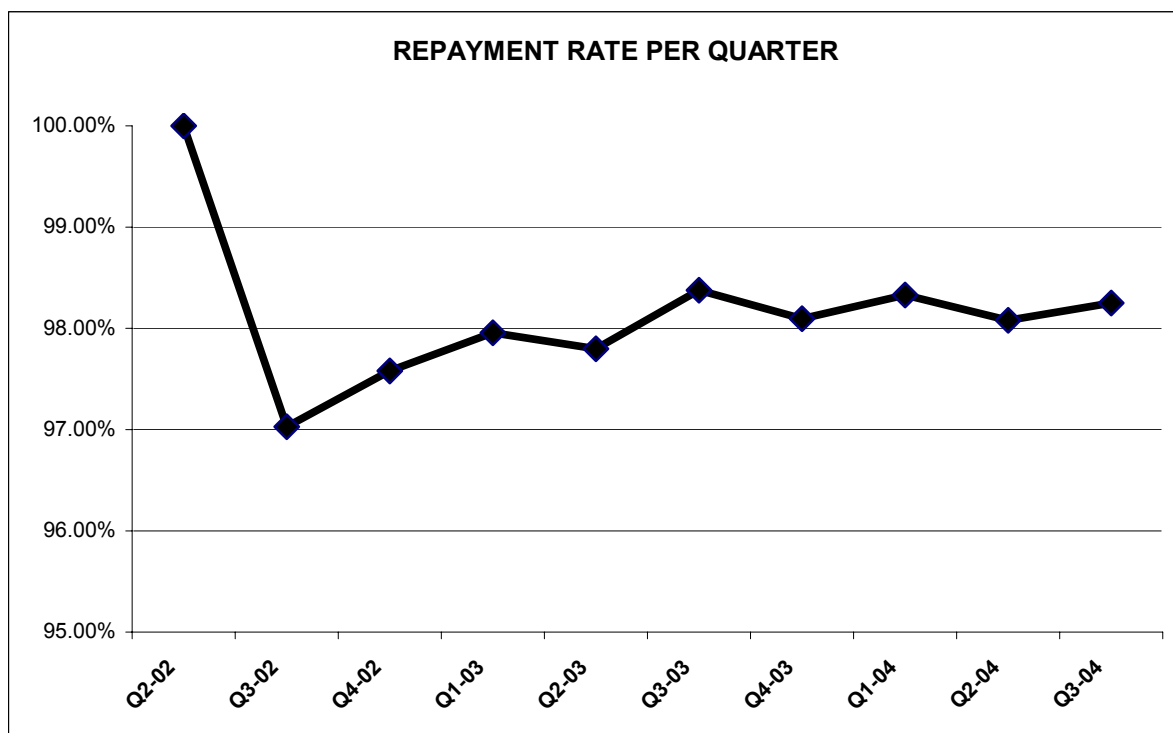
This lending activity has sustained **2,204** jobs and created an additional **346** jobs. The latest rejection rate of loan applications was **17.18%** for business loans and **13.67%** for housing loans. The representation of ethnic groups within the current portfolio was **79.08 %** Bosniak, **18.95 %** Croat, **1.61 %** Serb, and **0.36 %** other.

The table below outlines the status of the loan portfolio at the end of the MEDI Project:

ITEM		TOTAL	
		No.	Values
Loans disbursed	TOTAL	1,678	9,509,959 KM \$5,506,902
	SME Business	606	6,458,159 KM \$3,711,116
	Home Improvement	1,072	3,051,800 KM \$1,795,786
Loans outstanding (end of period)	TOTAL	1,458	4,276,205.07 KM \$2,669,291.55
	SME Business	499	2,651,037.19 KM \$1,654,829.71
	Home Improvement	959	1,625,167.88 KM \$1,014,461.85
Repayment rate (end of period)	TOTAL		98.25%
	SME Business		97.83%
	Home Improvement		99.28%
Average loan size	TOTAL		6,752.47 KM \$4,215.02
	SME Business		10,658.11 KM \$6,653.00
	Home Improvement		2,846.82 KM \$1,777.04
Average loan term (months)	TOTAL		19.83
	SME Business		17.80
	Home Improvement		21.86

Please view graphs below for information on SME and HILP loans disbursed during the program period, as well as information on repayment rates and the portfolio outstanding:





Stories from the Field:

Housing Improvements

Salih Krusko, a pensioner from Maglaj, is the beneficiary of a credit for the improvement of his housing conditions. Even with his small income, Salih did not lose hope that one day he would repair his own home. He heard of the credit from people in town and asked for more information at the Association of Independent Entrepreneurs – Citizens' Association Maglaj. Thanks to very favourable terms and given the quick procedure, Salih got the money he had asked for in the amount of 2000 KM, which he then invested in the repair of his war-devastated family house in Omerdino Polje, Maglaj. With little money, Salih did a lot and completed almost all the necessary works. His household is comprised of his wife Safija, also a pensioner since 1994, and his son who lives on a minimal wage.

They are satisfied because, despite their small income, they got the credit which is otherwise very difficult to obtain in local banks. Salih pays back his monthly instalments in time. "I asked for it, I have got it and now it is fair to pay it back," says Salih. Perhaps, once he pays back the credit, he will become a user of another REZ FOND credit line. Please see photos below illustrating Salih's home improvement.

<i>Before</i>	<i>After</i>
	
	
	

Credit invested in bees

Mensur Dugonja from Kacuni, Busovaca Municipality, has twice been a REZ FOND beneficiary. In both cases he invested money in bees, purchasing the equipment and medicines which enabled the bees to “pay him back” several times more. Mensur is satisfied with the rapid delivery of credits and with the people who have helped him getting them. We were delighted to see how much he loves the bee keeping. Mensur said, “I learned about favourable terms of getting loans from my friends and asked for more information at the Association of Employers in Busovaca. Since I needed the money for my existing apiary and in order to expand it, I did not have high hopes. I needed 10 000 KM for the start alone. Yet, I got the money, invested it and repaid my instalments before deadline. Seven months ago I asked for a new 15 000 KM loan and got it without problems. I hope I will repay this credit ahead of time again.”

A lot of people would not dare to invest into the bee farming because it is not considered to be a profitable job, but Mensur Dugonja’s case proves them wrong. “From 1996 I have been bee farming, and I have always liked bees. It is very important in this job, as important as knowledge and desire to learn something new. I started with one, and later that same year, bought two more apiaries. Today I have 58 of them. Before getting this credit I had about 30 apiaries. I invested the credit into equipment, medicaments, stools and all that I needed so that I can expand my business.”

When asked if apiaries could provide for one family, Mr. Dugonja responded, “[e]very branch of agriculture is risky, and so is bee farming. If a draught occurs, as was the case this year, the lack of food, diseases, and the bees can be destroyed. Thus all that one invests into bees gets destroyed over night. However, it is not all so bleak, because one has so many benefits from bees and there are great possibilities of gaining revenue. When I started this business with bees, I read a book written by a famous Croatian bee farmer, and I still remember one line: less than 35 companies means that you are on the verge of self-sustainability, over 35 companies – money starts pouring in.” I simply believed in that and started the business. I am satisfied.”



Mr. Dugonja's apiary

Mr. Dugonja has a complete package of products, and he helps a lot of people with advice, but says none of it would be possible without his wife and son. “Their help is always needed, just like my help is needed to many bee farmers, who are just starting this business and who keep calling me. I can

also treat the diseased bees and this year alone I had about 30 such interventions. Except for honey, I produce and sell bee wax, the pollen grains and powder, and, starting this year, I also sell propolis packed in 30 ml bottles. I have sold about 50 apiaries and this has provided me with a solid income and enabled me to pay back the credit, to cover the production expenses and to have a good household income”

Mr. Dugonia says that he plans to purchase trucks for the transportation of his apiaries which “would enable me to move them faster and cheaper from one place to another. I am also planning to expand the apiaries and engage a larger number of seasonal workers who would help me around. There are lots of plans, I have both the will and the strength needed and I hope to accomplish my goals”.

Exit Strategy:

As required by the Cooperative Agreement and the Year 3 Work plan, the MEDI credit component will continue long term within Bosnia & Herzegovina through the REZFOND micro-credit organisation (MKO). To ensure that the capital remains within BiH long term for the intended lending purpose, the initial capital has been provided to the REZFOND MKO as donated equity by CHF.

The REZFOND MKO has also been successful in raising additional capital for lending purposes. This is evidenced by the additional EUR1.5 Million provided by Sida in granted loan capital. The REZFOND is also active in raising additional capital through either refinancing or management contracts with either banks or other financial institutions.

In effect, these capital raising activities have now secured the long term sustainability and viability of the REZFOND MKO. The REZFOND MKO will continue to provide loans to MEDI clients and continue to partner with current and new CDCs in the effort to expand on its success and experience.

8. SURVEYS & LESSONS LEARNED

During the MEDI start-up phase a baseline assessment was conducted, the purpose of which was to ascertain the nature of the environment the MEDI project would function within and to provide recommendations. The assessment encompassed the following:

- 1 The organizations that operate within the sectors relevant to the MEDI project;
- 2 Municipal/Cantonal government support or interest for the MEDI project;
- 3 Existing associations or potential citizenry networks that would participate within the MEDI project;
- 4 Community mapping of the municipalities considered under the MEDI project.

The baseline assessment process was a useful exercise for the purpose of introducing the CHF program to the municipality officials and the local business community. This process generated substantial interest for the project within the local communities and governments.

8.1 Governance

Customer Satisfaction Surveys 2003/2004:

The follow-on Governance Customer Service Survey in 14 municipalities in Central Bosnia and Zenica-Doboj cantons¹², Federation of Bosnia and Herzegovina, was conducted for the purpose of contributing to a better understanding of the processes in these municipalities as related to the implementation of the USAID funded MEDI project implemented by the CHF International, particularly in comparison to the baseline survey conducted in March-April 2003, seeking to measure the change in opinion and attitude of citizens towards municipal administration during the project implementation.

The quantitative research was conducted in June 2004 (June 10 - 21). The survey was conducted on a representative sampling of 1500 citizens – clients of municipal administrations and beneficiaries of their services in all 14 municipalities, using the same sampling as in the first survey. The field work and initial analysis of collected data was performed by REZ d.o.o. Zenica, the regional development agency for Central Bosnia and Herzegovina. 20 surveyors – volunteers from a local NGO “Carpe Diem” performed interviews on the ground, using the same last year’s questionnaire.

As they did the year before, the interviewers contacted individuals leaving City Hall and classified them as belonging to one of the following two groups of customers:

- Regular users of municipal services, business owners in particular (those that seek multiple approvals from City Hall on a regular basis such as a business license, building permit, planning approval, and authorization renewals)
- Intermittent or infrequent users (e.g. that seek one or two services from City Hall per year, pay taxes, and obtain birth certificate), with the intention to obtain their opinion regarding their recent interaction with municipal staff. The sample was determined by CHF in relation to the demographics of all 14 municipalities¹³ and remained unchanged from the year before.

The purpose of interviews was to obtain a first hand experiential assessment of the services provided by the Information Centers, Business Transaction Centers, and municipal departments and to obtain a community impression of the quality of overall municipal service delivery. They also helped determine the change in opinion and attitude of citizens after the MEDI changes had been implemented over the period between two surveys.

Overall ranking of municipalities based on the level of satisfaction with municipal services and service providers expressed by respondents is presented in the ranking table enclosed:

¹² Central Bosnia Canton: Travnik, Novi Travnik, Vitez, Busovaca, Fojnica, Kresevo, Kiseljak; Zenica-Doboj Canton: Zenica, Kakanj, Visoko, Maglaj, Zepce, Tesanj, Zavidovici.

¹³ Zavidovici: 40,500 inhabitants, Fojnica 16,227 Kakanj 46,000; Kresevo 7,000; Travnik 71,000 N. Travnik 30,624, Busovaca 18,897, Zenica 128,000, Visoko 40,044, Zepce 32,000, Vitez 27,000, Tesanj 47,000, Maglaj 27,000, Kiseljak 24,164

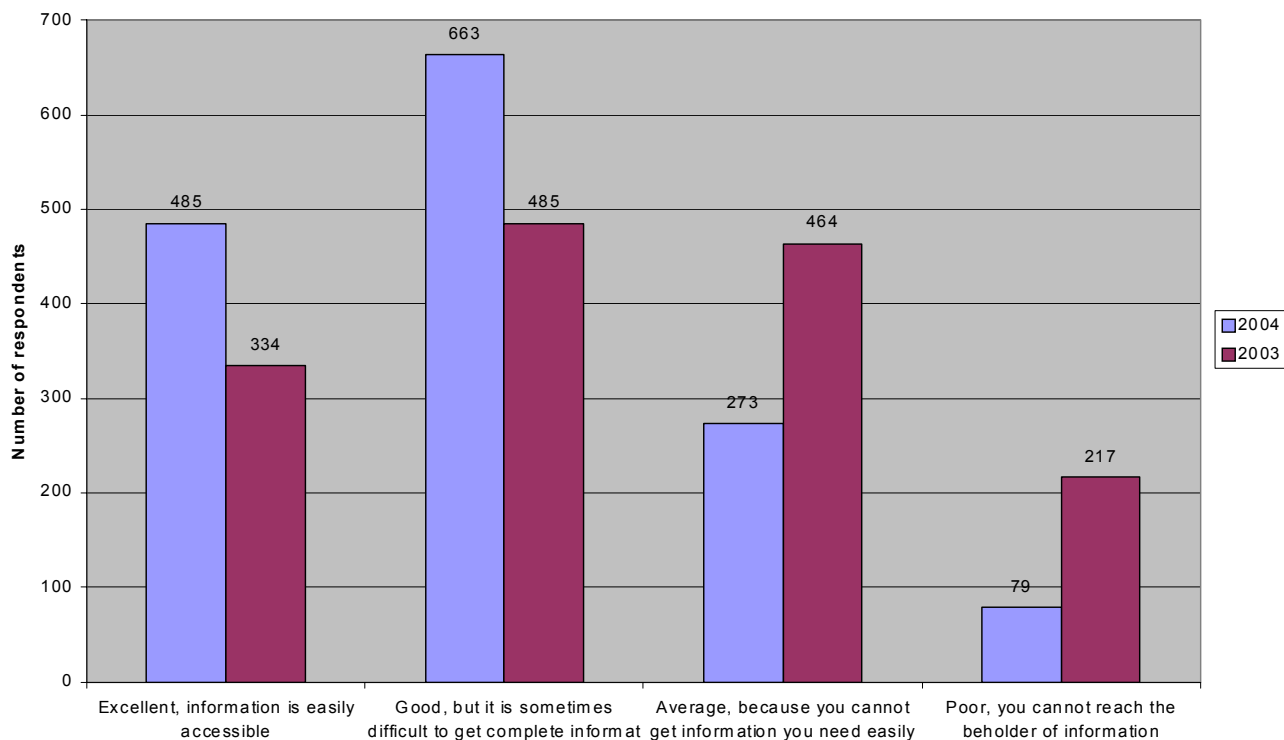
Comparison of summary ranking 2004 and 2003

	2004				2003				Difference in overall ranking		Trend	Municipality
Municipality	Total		Q7 and Q8 Only (CSCs)		Total		Q7 and Q8 Only (CSCs)					
	Points	Rank	Points	Rank	Points	Rank	Points	Rank				
Busovaca	31.62	8	3.78	1	31.84	1	3.255	1	-7	↓	↓	Busovaca
Fojnica	33.84	4	3.37	7	27.84	9	2.745	8	5	↑	↑	Fojnica
Kakanj	30.3	12	3.64	2	29.81	4	3.048	5	-8	↓	↑	Kakanj
Kiseljak	33.95	3	3.05	14	27.52	11	1.424	10	8	↑	↑	Kiseljak
Kresevo	28.85	14	3.30	11	29.25	5	0		-9	↓	↓	Kresevo
Maglaj	34.78	2	3.32	10	28.24	7	3.246	2	5	↑	↑	Maglaj
Novi Travnik	31.89	7	3.46	5	27.91	8	3.024	6	1	↑	↑	Novi Travnik
Tesanj	34.83	1	3.07	13	25.85	13	0		12	↑	↑	Tesanj
Travnik	30.52	11	3.32	9	31.19	2	3.086	4	-9	↓	↓	Travnik
Visoko	33.04	5	3.58	3	24.28	14	0		9	↑	↑	Visoko
Vitez	32.31	6	3.47	4	30.66	3	2.916	7	-3	↓	↑	Vitez
Zavidovici	30.52	10	3.26	12	27.58	10	3.191	3	0	0	↑	Zavidovici
Zenica	30.09	13	3.39	6	28.54	6	2.628	9	-7	↓	↑	Zenica
Zepce	31.59	9	3.36	8	27.12	12	0		3	↑	↑	Zepce
Average total	2.46		1.69		2.185		1.43				↑	

The follow-on survey was intended to capture and measure the above changes, as recognized by citizens (customers) affected through the implementation of the MEDI project and grass root initiatives of the local governments. The survey was conducted at the final stage of implementation of the MEDI (Municipal and Economic Development Initiative) Project, after all its components were inaugurated in partner municipalities, in order to establish and measure the change in public opinion and attitude of citizens towards the municipal government service providers and compare the results to those of the baseline survey. The key objective of the survey was to determine if public attitudes changed, and to what extent, and to attempt to link those changes to the physical alterations and capacity building that occurred within or as a result of the MEDI project initiatives.

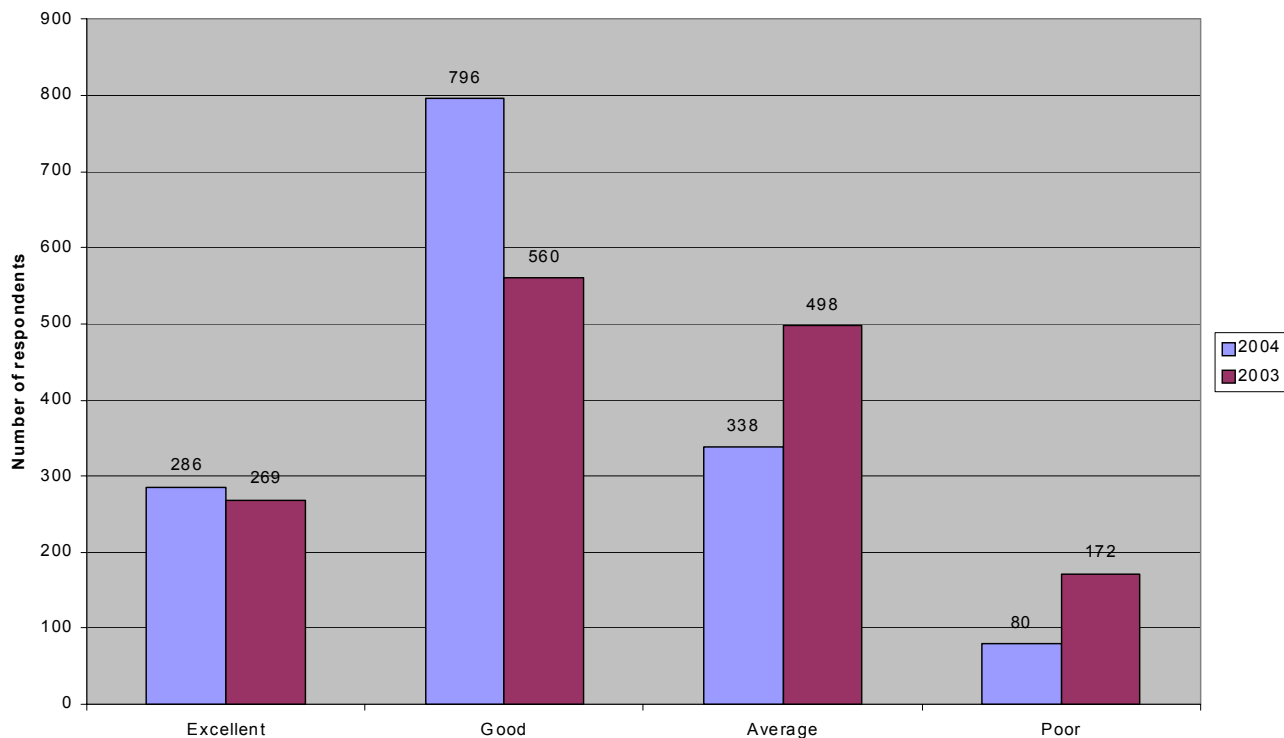
Following comparison illustrates the change in citizens' perception and opinion during the course of MEDI interventions:

10. What is your personal experience about seeking info from Municipality?



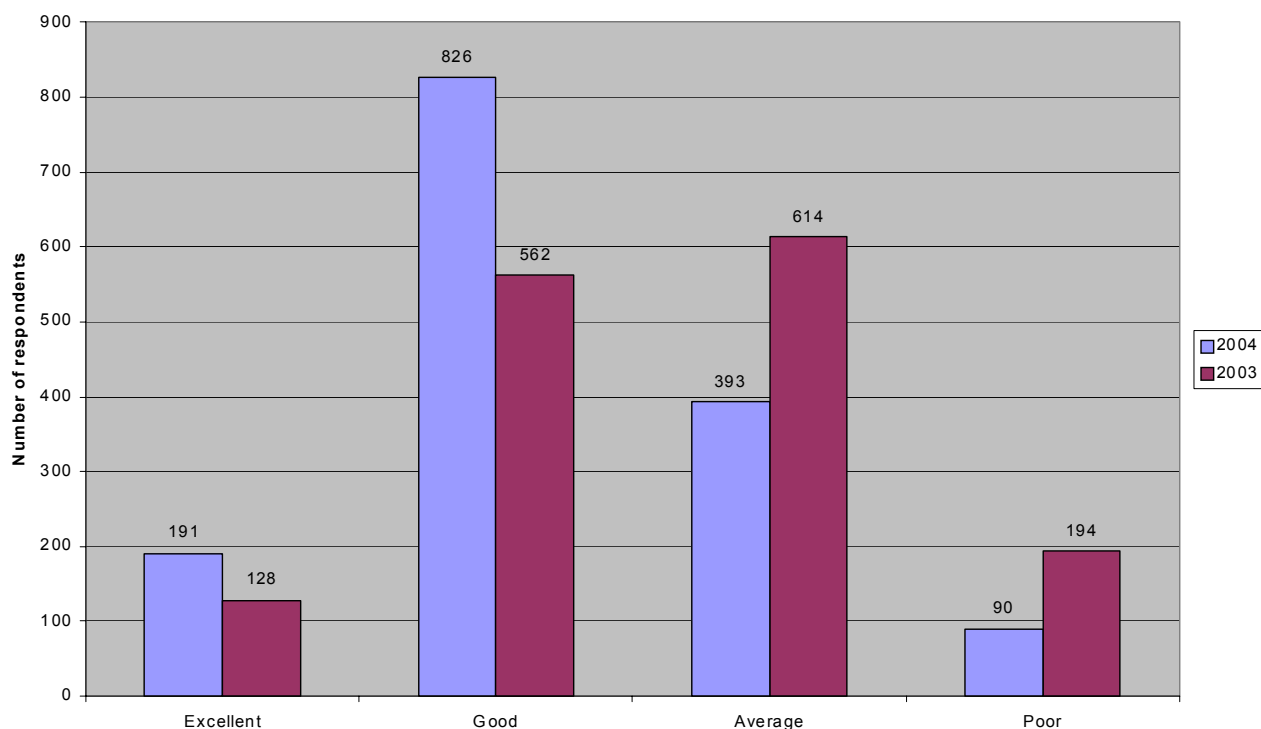
10. What is your personal experience about seeking info from Municipality?

13. What was your opinion of the attitude of the employee who served you?



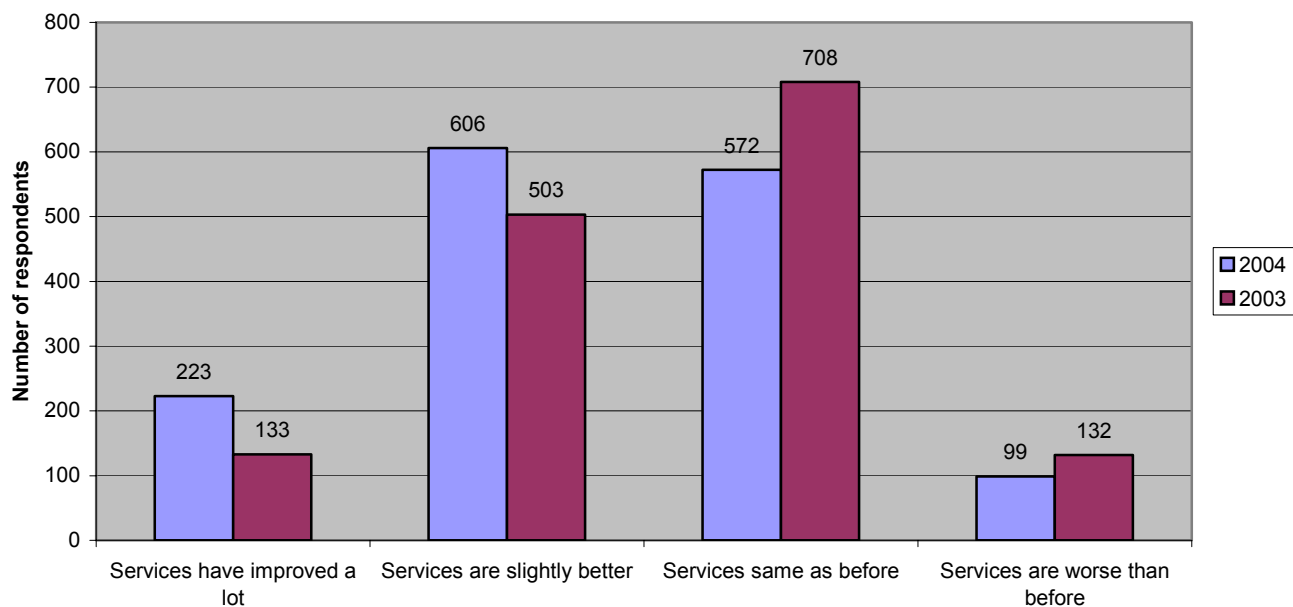
13. What was your opinion of the attitude of the employee who served you?

18. What is your impression of the quality of services provided by Municipality?



18. What is your impression of the quality of services provided by Municipality?

22. In past 6 months, how would you rate the change in quality of services?



22. In past 6 months, how would you rate the change in quality of services?

8.2 Association Development

Business Association Member Satisfaction and Preferred Service Surveys:

Within the implementation of Business Association Development Project, as part of the MEDI program, CHF International conducted 4 public opinion surveys on the work of associations among their members.

The goal of the surveys was to establish the level of member satisfaction with the association performance and indicate which association services the members prefer and what kind of services they want to receive from the association in the future, as well as track any changes in member satisfaction that occurred during all 4 surveys.

During the month of July 04, the results of CHF's fourth customer satisfaction survey for the DC network were finalized. The objective of the survey was to seek feedback from the members of the DCs regarding their satisfaction of their DCs performance. In accordance with the survey and in comparison to previous surveys, the 14 DCs were ranked as shown below and scores of each DC for each conducted survey are also shown:

Rank-4th survey	DC	Trend	Previous Rank (3rd survey)	4th survey score	3rd survey score	2nd survey score	1st survey score
1	Zavidovići	↑	2	3,34	3,37	3,04	3,13
2	Zenica	↑	8	3,30	2,98	2,34	2,57
3	Vitez	↑	6	3,22	3,05	2,85	N/A
3	Visoko	↑	5	3,22	3,11	3,44	N/A
5	Fojnica	↓	4	3,19	3,17	3,00	N/A
6	Kiseljak	↑	12	3,10	2,71	2,50	2,78
7	Travnik	↑	11	2,97	2,73	2,73	2,35
8	Busovača	↓	3	2,95	3,18	2,97	2,89
9	Žepče	↓	1	2,93	3,47	3,00	3,02
10	Maglaj	↑	14	2,91	2,41	2,89	2,94
11	Kreševo	↓	7	2,88	3,03	3,17	2,95
12	Tešanj	↓	10	2,80	2,75	3,07	3,21
12	Kakanj	↓	9	2,80	2,84	3,22	N/A
14	Novi Travnik	↓	13	2,54	2,44	2,96	3,08

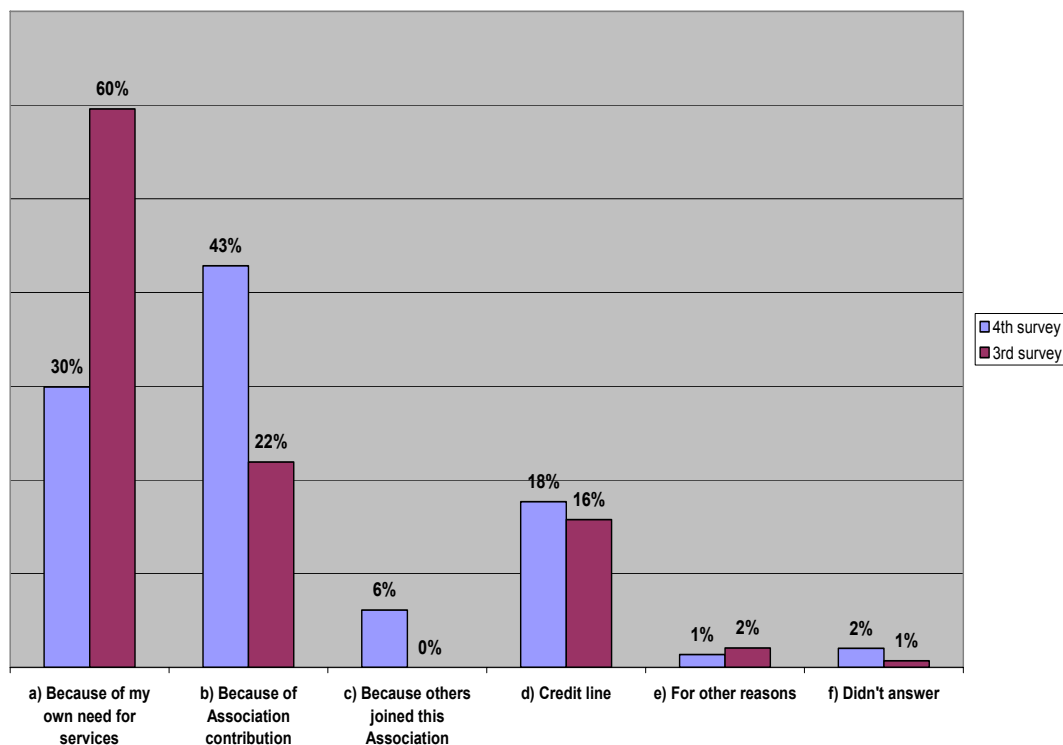
The average score from the respondents was **3.01**. The score demonstrates slightly improvement comparing to the previous survey, which was **2.957**. The scale for scoring is rated from 1 to 4 (1= poor, 2 = fair, 3 = Good, 4 = Excellent). Therefore the membership satisfaction can be rated as **"high fair to low good"**. See the attached documents for a more detailed analysis of the survey results.

Out of 147 respondents of the 4th survey, 30% were motivated to become association members due to "their own need for services", whereas in the third survey, 60% defined the need for services as the primary motivation. In the 4th survey, there was a motivation shift from personal need for services to the association's contribution to the community and positive change affecting the economic and political situation. This shift highlights a prime opportunity for the management of the associations to focus on volunteer work and advocacy. What is also interesting in the 4th survey is that the 18% of respondents who listed their reason for membership as "access to credit line" is almost identical to the 16% who answered the same in the 3rd survey.

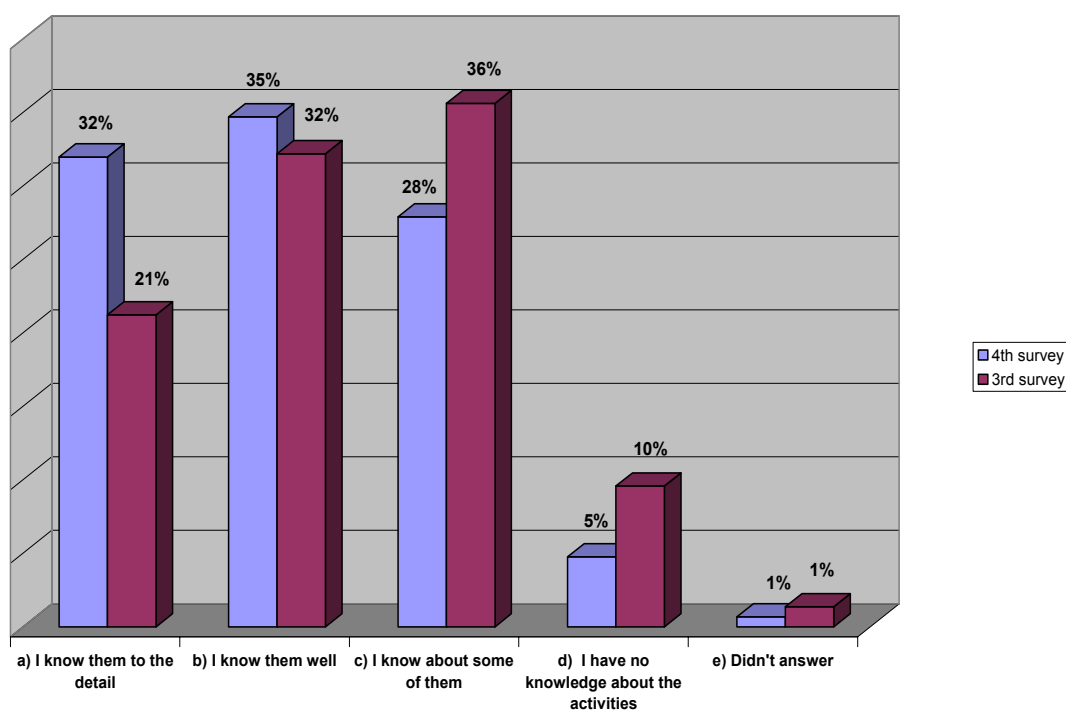
The majority of respondents (78%) stated that association services improved over the last three months. (35% confirmed service improvement and 41% stated that the quality of services has always been high), mostly due new income generating services offered to its members. Representing and

advocating for members' interests was the service most preferred by the members, with 17% (16% in the third survey). Other preferred services included: credit with 16%, business referrals with 12%, advocacy and local government coordination with 11%, and promotion and professional dissemination with 7%. Other listed services were also required but in smaller percentages. There were similar results from the third survey, except that instead the "Credit program" was the most preferred service. The following graphs compare some survey results from the 3rd and 4th surveys conducted.

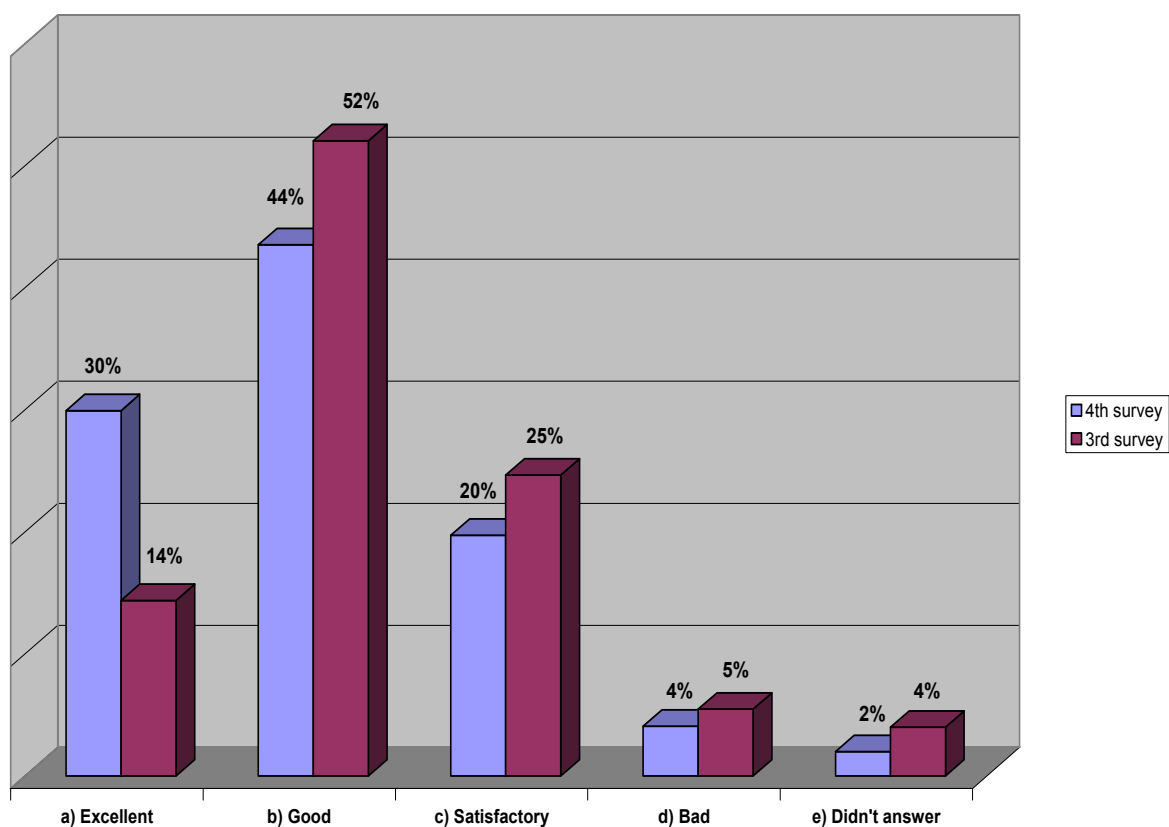
1. Why did you become a member of the Association?



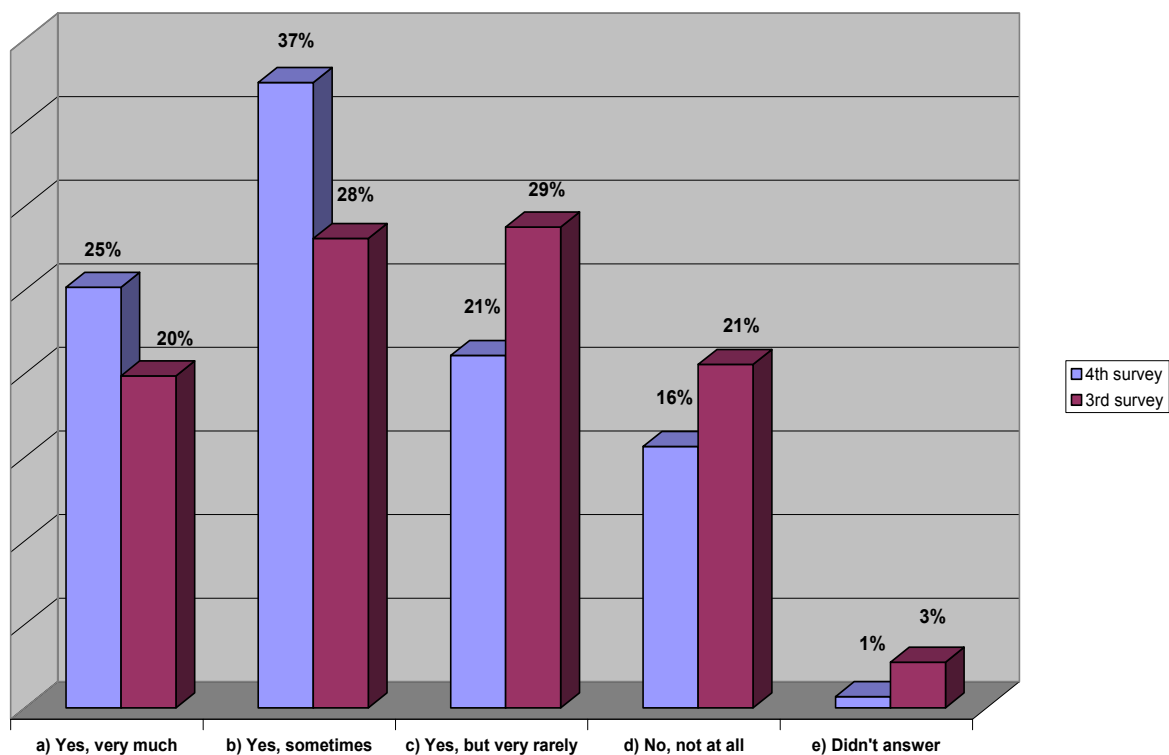
2. Do you know which activities the Association is conducting?



3. How do you evaluate Association's activities?

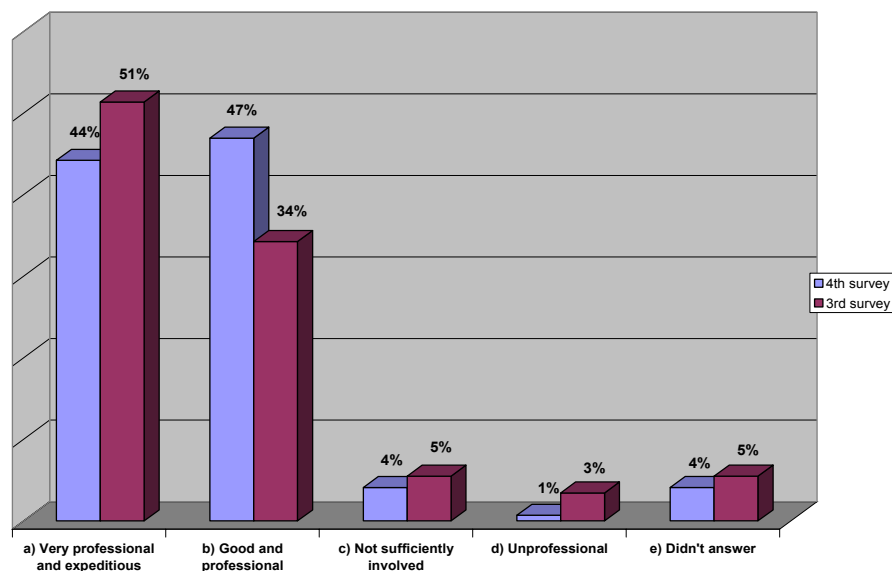


4. Do you benefit from the Association in any way?



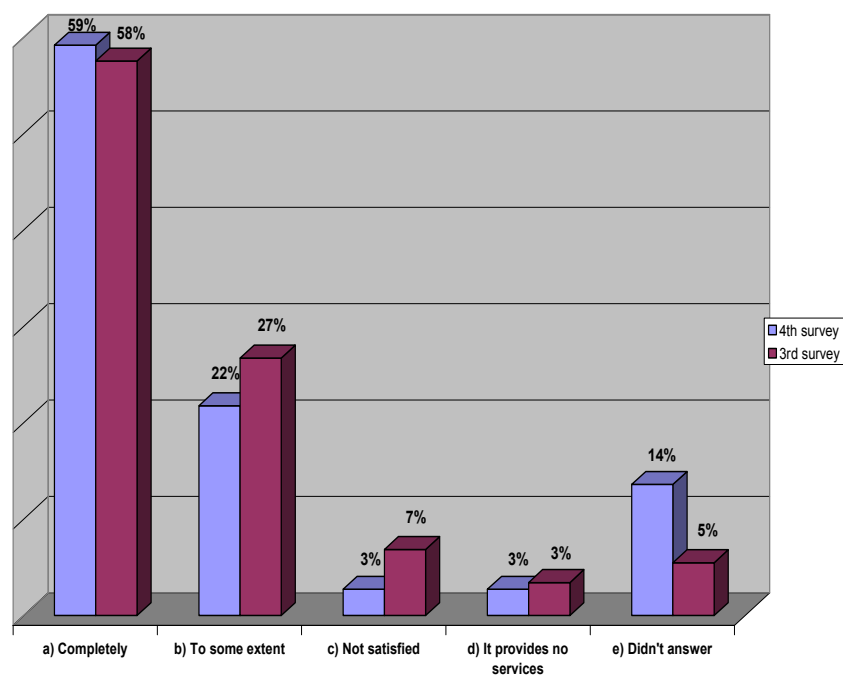
83% of respondents believe that they have some benefit from the association, which is an improvement from 77% in the 3rd survey. 25% of respondents highly benefit from the association, 37% benefit sometimes, and 21% rarely benefit. 16% of members did not see any benefit, however it is an improvement from the 3rd survey in which 21% were not satisfied with association benefits.

5. How do you evaluate the work of the EM?



A vast majority (91%) of members had a positive opinion about the work of the executive managers of their associations. Respondents evaluated their EMs as either 'very professional and expeditious' (44%) or 'good and professional' (47%). Only 1% of respondents said the EM was unprofessional and 4% said that the EM was not sufficiently involved.

6. Are you satisfied with the services provided?



81% of respondents were in some way satisfied with the association's services, completely (59%) or to some extent (22%). Only 3% of respondents were not satisfied.

Overall Ranking by Question of DC's According to the Survey Results

Survey Questions	DC	Maglaj	N. Travnik	Kiseljak	Busovaca	Zenica	Travnik	Žepče	Kreševo	Zavidovići	Tešanj-Jelah	Vitez	Fojnica	Kakanj	Visoko
1. Why did you become a member of the Association?															
2. How often do Association members meet?															
3. When did You last attend a meeting?		13	14	5	12	2	8	9	6	3	10	7	4	11	1
4. Do You know which activities the Association is conducting?		10	8	7	6	2	8	4	9	3	5	3	5	7	1
5. Have You participated in any of the activities?		9	12	7	13	2	11	6	8	3	10	7	5	4	1
6. How do You evaluate Association's activities?		11	5	10	7	3	6	5	9	2	7	4	5	8	1
7. Do You benefit from the Association in any way?		7	9	5	6	4	5	3	8	2	10	1	4	5	1
8. Do You have a membership card?		8	11	4	6	2	9	1	7	3	10	6	3	2	5
9. Do You pay the membership fee?		7	8	5	4	2	6	3	1	7	2	4	5	8	5
10. Do You consider the amount of the fee as necessary and adequate?		12	3	2	4	1	6	9	8	5	10	7	11	7	13
11. Do You know who are the Board members?		3	8	4	2	5	4	9	6	3	7	1	2	8	10
12. How do You evaluate the work of the Board?		6	5	8	9	3	5	9	10	2	11	4	7	4	1
13. Do You know who is the Association's Executive Manager?		4	11	9	8	7	7	1	6	3	10	5	7	12	2
14. How do You evaluate accessibility of the EM?		3	7	4	6	2	6	4	2	2	5	1	4	2	2
15. How do You evaluate the attitude of the EM to the members?		2	6	1	5	1	4	4	1	1	3	1	1	1	1
16. How do You evaluate the work of the EM?		8	11	4	10	1	9	9	6	3	7	9	2	5	1
17. Do You know which services Association offers to the members?		10	11	6	8	2	4	1	3	5	9	6	7	1	1
18. How much do You know about credit services of the Association?		5	11	6	7	1	10	4	8	2	9	3	6	9	1
19. Do you have CHF credit through the Association?		4	11	7	7	3	9	1	8	5	10	6	6	2	3
20. Do you have credit with another provider?		7	11	8	6	12	8	2	9	4	11	1	5	3	10
21. Have you ever requested any services from the Association?		5	1	2	12	4	4	8	9	12	3	6	7	11	6
22. Are you satisfied with services provided?		9	7	7	3	1	8	6	10	3	7	4	2	11	11
24. Has the quality of services improves over the last three months?		1	6	8	4	4	5	9	12	2	7	4	3	11	10
28. Are you willing to participate in these activities in the future?		5	9	1	5	8	6	5	4	3	8	2	2	10	1
Total No. of points/Ranking (Forth survey)		10	14	6	8	2	7	9	11	1	11	3	5	13	3
Total No. of points/Ranking (Third survey)		14	13	12	3	8	11	1	7	2	10	6	4	9	5
Total No. of points/Ranking (Second survey)		9	8	12	7	13	11	6	3	5	4	10	8	2	1
Total No. of points/Ranking (First survey)		6	3	8	4	9	10	5	7	2	1				
Average rank after four surveys		13	12	11	4	10	14	3	8	1	7	6	5	9	2
		Maglaj	N. Travnik	Kiseljak	Busovaca	Zenica	Travnik	Žepče	Kreševo	Zavidovići	Tešanj-Jelah	Vitez	Fojnica	Kakanj	Visoko

8.3 Credit

During the life of the MEDl project, CHF's Credit Department conducted three surveys:

- Market Assessment Survey (January 2002)
- Credit Supply / Competition Assessment (October 2002)
- Client Satisfaction Survey (August 2003)

Market Assessment Survey

During the first survey, 200 interviews were conducted in order to allow a more in-depth analysis of the credit situation within the MEDl project area.

Credit Supply/Competition Assessment

The purpose of the Credit Supply/Competition Assessment was to run a credit assessment for the credit type and conditions offered by other credit providers in the municipalities where CHF was working or planning to work. This assessment served as a base for discussions with CHF partner CDCs and further negotiations in changing / introducing of new products.

Client Satisfaction Survey

During the month of August 2003, Mikro REZ Fond ¹⁴ conducted a Client Satisfaction Survey within the Central Bosnia and the Zenica-Doboj Cantons. The two Cantons encompassed fourteen municipalities with fourteen CDCs. Municipalities covered were: Busovaca, Fojnica, Kiseljak, Kresevo, Kakanj, Maglaj, Novi Travnik, Tesanj, Travnik, Visoko, Vitez, Zavidovici, Zenica and Zepce. All municipalities were divided in three areas according to logistical and administrative capabilities.

The objectives of the client satisfaction survey, which was conducted in order to gain a rounded picture of project activity and client satisfaction, were as follows:

- ✓ To obtain more information on visibility of the project and awareness of the population as to services provided;
- ✓ To obtain feedback from clients on services provided by the CDCs, including membership fee;
- ✓ To provide analysis of clients' opinion as to conditions for taking the loan, including satisfaction/dissatisfaction with the loan conditions;
- ✓ To obtain information about general attitude of CDCs;
- ✓ To assess the interest of clients for future loans with MKO CHF; and
- ✓ To improve knowledge about services, methodologies and their impact.

The steps for conducting the survey included:

1. Setting the survey objectives
2. Choosing the indicators for measuring the level of satisfaction
3. Sampling
4. Developing questionnaires
5. Training of interviewers
6. Pre-testing the survey
7. Conducting the survey on the field
8. Preparing of analysis plan
9. Analyzing/Comparing data
10. Applying findings
11. Drafting report

The survey consisted of three types of questionnaires:

- ✓ Questionnaire for clients: included only clients of Mikro "REZ – FOND", i.e. those people who have loans with this MKO;
- ✓ Questionnaire for rejected clients: included people who applied for a loan and for some reason were rejected, and

¹⁴ Mikro REZ FOND was established in March 2002 by CHF International based on the Federation micro-credit law, under the initial name of MKO "CHF". The Mikro REZ FOND serves as an engine for improving the social and economic status of the low and medium income, multi-ethnic population in BiH by providing long term access to needed financial services, create/sustain employment in a flexible, innovative and sustainable way.

- ✓ Questionnaire for members: included only people that were members of Development Centers but never applied for a loan.

All three questionnaires were divided into different sections: general data on clients/members/rejected clients, partnership with CDCs, marketing, loan processing, and loan product.

150 respondents in total were interviewed through the survey (90 clients, 30 rejected clients and 30 other DC members). The following data was also gathered: total number of clients and number of clients per CDC, total number of rejected clients and number per CDC, and total number of members and number per CDC.

Selection of clients/rejected clients/members was done on a random basis by a person not involved in the approval/rejection process of the loans so that transparency and objectivity of the survey and the final results could be achieved.

The following table provides an overview of final data sampling:

Partner	Business	Housing	Rejected business	Rejected housing	Members	TOTAL
Busovaca	2	2	1	0	4	9
Fojnica	1	2	1	0	2	6
Kakanj	1	5	2	1	2	11
Kiseljak	4	3	1	1	2	11
Kresevo	2	1	0	1	1	5
Maglaj	5	15	2	2	3	27
N. Travnik	1	1	1	1	1	5
Tesanj	1	1	1	0	3	6
Travnik	1	6	1	2	2	12
Visoko	1	1	1	0	2	5
Vitez	1	7	1	2	3	14
Zavidovici	3	8	0	2	2	15
Zenica	4	5	2	3	2	16
Zepce	3	3	1	0	1	8
TOTAL	30	60	15	15	30	150

The narrative part of the Client Satisfaction Survey report contains data divided in 5 sections:

- 1 - general data on clients
- 2 - partnership with DCs
- 3 - marketing
- 4 - loan processing and
- 5 - loan product

1 - General data about clients/members/rejected clients

The purpose of this section is to provide an overview on age, gender, status and credit history of interviewed clients.

◆ Age

The age of clients was between 23 and 70 - with an average of 42.5 years.

◆ Gender

Out of the total number of clients interviewed, 40% were female. 33% of female business loan clients and 43% of female housing loan clients.

◆ Return status

Out of the total number of clients interviewed, 28% were returnees. 23% of business loan returnee clients and 42% of housing loan returnee clients.

◆ Number of taken loans

In total, more than 95% of clients took only one loan - 90% for business and 98% for homeowners.

◆ Loan size

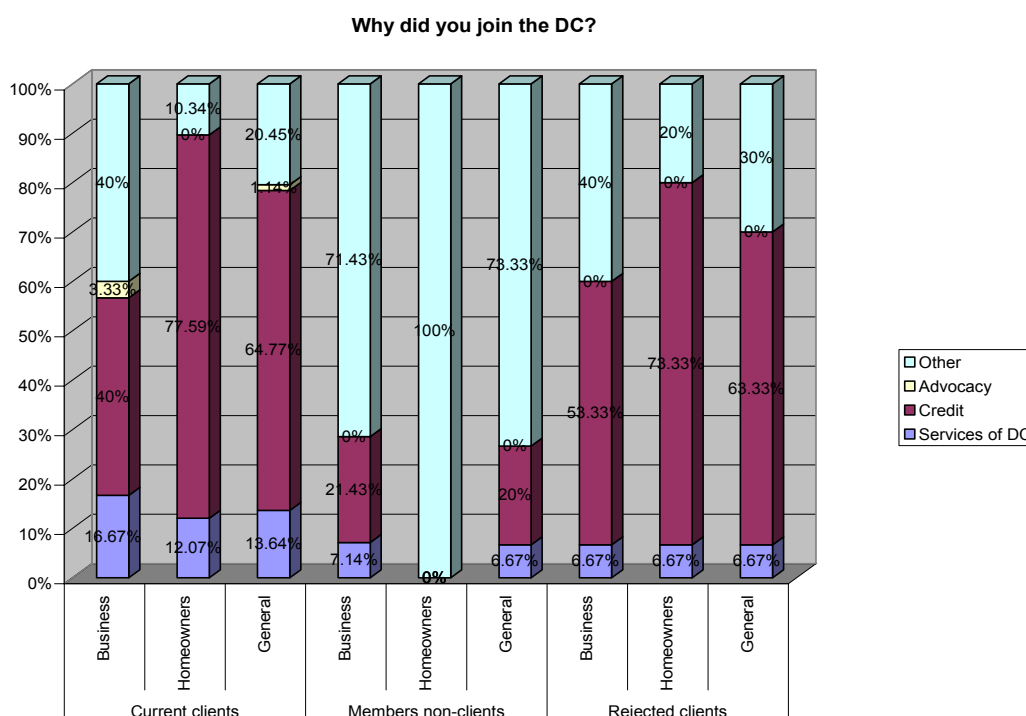
The loan size per type of clients matched the overall average loan size.

	General	Business	Homeowners
Average loan size	8,013	17,663	3,188
Minimum	950	4,000	950
Maximum	50,000	50,000	5,000

2 - Partnership with DCs

This section was served as a tool of gaining a clearer picture about the cooperation between the clients/members/rejected clients and the CDCs.

One of the main questions put forward to the interviewed clients was related to the reason why they have joined the CDC. The graph below encompasses the given replies:



65 % of interviewed current clients (40% business and 77.59% home-owners) stated that they had joined the DC because of the opportunity to access loans. The average membership/month for business clients was 9.86 months, for homeowners 0.8 months, and for rejected clients 7 months. The average membership/month for CDC members was 11 months.

When asked 'Have you asked/received any other services in DC apart from the loan component', 93% of business clients, 95% of homeowners, 84% of members and 100% of rejected clients stated that they neither asked for nor received other services from the CDC apart from the loan component. Although when asked why they've joined the CDC, 17% of business and 12% of homeowners said because of the services offered by CDC.

Business people, 20% of clients and 26% of rejected clients, considered the membership fee quite high. As far as housing is concerned, 20% of rejected clients found the membership fee too high.

In order to learn more about the communication and cooperation between the clients and CDCs, the clients were asked to give their opinion on the Executive Managers.

The table below provides the data on the given answers:

What is your opinion on the Executive Manager?		Helpful / Polite	Bad opinion	I know him personally	I don't know him/her
Current clients	Business	93%	7%	0%	0%
	Homeowners	96%	2%		2%
	General	95%	3%		1%
Members non-clients	Business	68%	11%	3%	18%
	Homeowners	0%	50%	0%	50%
	General	63%	13%	3%	20%
Rejected clients	Business	67%	20%	0%	13%
	Homeowners	87%	7%	7%	0%
	General	77%	13%	3%	7%

Since the accessibility of EMs in the DCs is essential, the following question was asked:

How do you evaluate the accessibility of the Executive Manager?		Available all the time	Available from time to time	Hard to access
Current clients	Business	97%	3%	0%
	Homeowners	100%	0%	0%
	General	99%	1%	0%
Members non-clients	Business	93%	4%	0%
	Homeowners	0%	100%	0%
	General	89%	11%	0%
Rejected clients	Business	86%	14%	0%
	Homeowners	93%	0%	7%
	General	90%	7%	3%

The clients were also asked **if they recommended the CDC to other people**. 87% of current clients, 60% of members and 50% of rejected clients recommended the CDC to other people. In order to find out what the main reason for their recommendation was, the clients were asked why they did recommend the CDC. 48% of current business and 60% of homeowner clients recommended the CDC because of credit access. Credit was the reason why also 40% of rejected business clients and 50% of rejected homeowners recommended the CDC to other people.

As far as current clients were concerned, it is also interesting that business clients find the lack of services, as well as no need for future credit, as reasons for stopping their membership. Housing clients consider high membership fees and complicated procedures as the main reasons for not continuing their membership.

3 - Marketing

This section measured how the clients/members/rejected clients learned about the CDCs and loans available through CDCs. The following information was obtained:

How did you find out about DC?		Word of Mouth	Media	Brochures	Other
Current clients	Business	53%	13%	17%	13%
	Homeowners	65%	22%	5%	5%
	General	61%	19%	9%	8%
Members non-clients	Business	79%	4%	11%	7%
	Homeowners	50%	0%	0%	50%
	General	77%	3%	13%	7%
Rejected clients	Business	58%	17%	8%	17%
	Homeowners	73%	20%	7%	0%
	General	60%	17%	7%	7%

One of the key questions addressed to the members of DCs who never applied for a loan was the following:

Do you know about the possibility of taking a loan at MKO CHF?		Yes	No	Don't answer
Members / Non – clients	Business	73%	27%	0%
	Homeowners	100%	0%	0%
	General	75%	25%	0%

A considerable percentage of business members were not informed about loans offered through their CDC. For those who were informed about the loans, the CDC was one of the main sources of information. It is important to note that 82% of current clients, 53% of members and especially 60% of rejected clients did recommend the loans to other people.

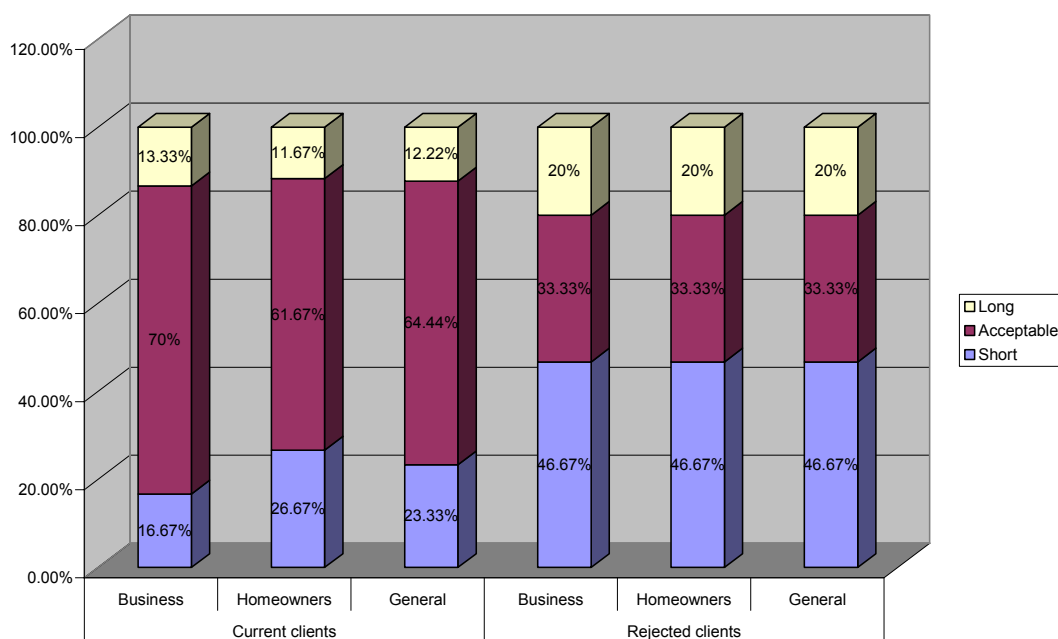
As to the question related to the promotion of DCs and their services, 84% of clients, 90% of members and 70% of rejected clients answered positively. Clients who answered positively were also asked to give their proposals as how to improve the promotion. The following information was obtained:

If yes, any proposals?		Media	Newspaper	Direct meeting	Other	No answer	Media and DC	Media and newspaper
Current clients	Business	27%	10%	7%	17%	33%	3%	3%
	Homeowners	33%	5%	0%	8%	40%	8%	5%
	General	31%	7%	2%	11%	38%	7%	4%
Member non-clients	Business	62%	5%	5%	29%	62%	0%	0%
	Homeowners	50%	0 %	0%	50%	50%	0%	0%
	General	47%	3%	33%	23%	47%	0%	0%
Rejected clients	Business	43%	0%	14%	43%	0 %	0%	0%
	Homeowners	56%	11%	0%	33%	0 %	0%	0%
	General	27%	3%	3%	20%	47%	0%	0%

4 - Loan processing

This section was focused on the loan processing - time necessary to complete the loan applications and obtain required documents.

What do you think about the time required for completion of the loan application and gathering the documents?



In order to complete the loan application, most of the clients needed to visit the CDCs twice. 24% of current clients and 30% of rejected clients visited the CDC more than three times. When asked why they had to visit the CDC more than three times, 40% of the current clients replied that it was a result of problems faced obtaining of necessary documents, and 28% went twice as a result of complicated procedures.

Approximately 50% of current and rejected clients were informed by the CDC about the decision of the Credit Committee (CC), while approximately 38% of both categories were informed by CHF verbally. Only 14% of rejected clients were informed by CHF in writing.

50% of clients considered that the time from the CC decision to the loan disbursement was short, and 48% thought of it as acceptable. It is important to mention that the entire procedure, from the time of application submission to the rejection or disbursement of the loan, was considered fast by 90% of clients and 55% of rejected clients.

Asked what they were told as the reason for the application rejection, the clients answered:

What were you told about the reason for rejection of your application?		Insufficient income	Collateral	Bad credit history	Usage of the loan	Not meeting other criteria	Nothing
Rejected clients	Business	7%	7%	13%	0%	33%	40%
	Homeowners	29%	14%	7%	0%	29%	21%
	General	17%	10%	10%	0%	31%	31%

86% of rejected clients did not agree with the decision of the Credit Committee. They stated that the reason for the rejection was a result of wrong analysis.

The clients were also asked whether their communication with the Loan Officers were satisfying. All clients, including even 85% of rejected ones, gave a positive opinion.

5 - Loan product

This section tried to find information about the clients' satisfaction/dissatisfaction with the existing loan product and awareness of loan products in general. Current business clients mostly expressed their dissatisfaction with the interest rate and repayment period.

The clients were also asked the following:

Did the credit service allow you to meet your needs?		Yes	No
Current clients	Business	69%	31%
	Homeowners	63%	37%
	General	65%	35%

Asked whether they would change something in MKO procedures, 52% of clients and 60% of rejected clients answered positively.

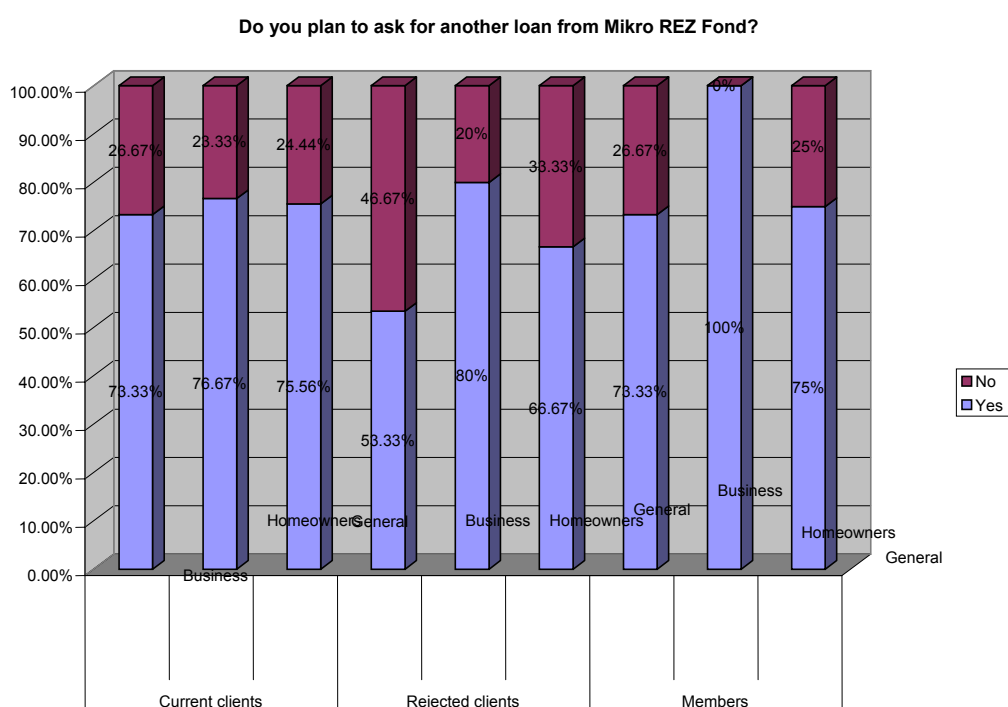
As a result of such answers, the following was asked:

If yes, what?	Current clients			Rejected clients		
	Business	Homeowners	General	Business	Homeowners	General
Application/doc	18%	21%	20%	44%	11%	28%
Site visit	0%	0%	0%	0%	0	0%
Loan conditions	71%	59%	63%	33%	67%	50%
Simplify the process and decrease interest	6%	3%	4%	22%	22%	22%

Simplify the process and increase repayment period	0%	3%	2%	0%	0%	0%
Other	6%	10%	9%	0%	0%	0%
Decrease interest and membership fee	0%	3%	2%	0%	0%	0%

According to the data from table above, current clients and rejected clients would first change the loan conditions, then application form and documentation, and then simplify the very process and increase the repayment period.

The clients were asked whether they intend to ask for another loan from Mikro REZ Fond. The results are as follows: 76% of clients would ask for another loan, and 75% of members and 67% of rejected clients out of which 80% of homeowners have the same intentions.



When asked for what kind of credit clients would apply for again, 18% of business clients replied that they would apply for a housing credit and 22% of housing clients would apply for a business one. A similar situation was present to rejected clients where 33% of rejected homeowners would try to get a business loan. As for the members, it is interesting to note that 14% would be interested in consumer loans.

Since CDCs presented loan distribution channels, clients were asked whether they would again approach CDCs if in need for another credit. The following was obtained:

If you would need a loan again, would you approach the DC?		Yes	No
Current clients	Business	93%	7%
	Homeowners	97%	3%
	General	96%	4%
Members non-clients	Business	90%	10%
	Homeowners	100%	0%
	General	90%	10%

Rejected clients	Business	60%	40 %
	Homeowners	71%	28%
	General	65%	34%

Overall, clients would approach the CDCs again for loans.

Attachment 1: Effective Actions

Laws and Regulations					
Level Name	Type	Project Name	Date	Problem Identification	Effective Action
Association	Laws & Regulations	Kiseljak DC Advocacy Capacity Building	10-May-02	The cadastre-land registry system is not properly in place, and the members of the DC have big problems with unresolved property issues.	DC's Board of Directors made the municipality start solving property issues related to the cadaster-land registry system, which was a problem which had been festering for years.
LG	Laws & Regulations	Busovaca LG Responsiveness & Advocacy	05-Jul-02	The early closing down of the state border pass in Bihac (7.00 PM) presents a problem for freight transport companies. The companies are operating at a loss because their trucks have to wait for 12 hour at the border if they arrive after 7.00 PM.	The Mayor sent a letter to the President of the Federation with the initiatives to establish a new official closing down time for the State Border in Bihac.
REZ	Laws & Regulations	Enterprise Network (REZ)	02-Aug-02	The method for tourist tax calculation is based on yearly income, not on yearly profit.	The F BiH Government changed Law on Tourist Tax (calculation based now on yearly profit, not on yearly income). This new Law was published in the Public Gazette on 21 August 2002.
LG Self-initiative	Laws & Regulations	Kakanj LG Responsiveness & Advocacy	17-Jan-03	Kakanj lacks a Municipal Economy Council. Kakanj businessmen should also be part of that Council.	The Mayor established a Municipal Economy Council that should become the main body for community economic development issues.
Association	Laws & Regulations	Kresevo DC Advocacy Capacity Building	10-Feb-03	The Municipality of Kresevo has two Public Timber Companies. The DC raised a campaign highlighting the abuses these public companies were conducting. This included (i) cutting down forests and selling the timber to other firms outside of Kresevo through the black market. (ii) Timber was not sold to Kresevo private companies, (iii) allegations of corruption, mismanagement, poor or no coordination/communication between the two public companies.	After the DC initiative, the Municipal Council agreed to dismantle the existing two Public Timber Companies and create a new entity that would better serve the interests of the Kresevo business community and follow all the required regulations.
LG Self-initiative	Laws & Regulations	N.Travnik LG Responsiveness & Advocacy	15-Feb-03	The municipality of Novi Travnik lacks an industrial zoning plan.	The Mayor started activities for the elaboration of an industrial zoning plan.
LG Self-	Laws &	N.Travnik LG	22-Feb-03	The Novi Travnik Urbanism Plan lacks	The Mayor added new Amendments to the

initiative	Regulations	Responsiveness & Advocacy		some important amendments.	Urbanism Plan.
LG Self-initiative	Laws & Regulations	Kakanj LG Responsiveness & Advocacy	05-Mar-03	Certain changes are needed in the Kakanj Land Use Plan.	The Mayor requested certain changes to the Land Use Plan.
LG Self-initiative	Laws & Regulations	Kakanj LG Responsiveness & Advocacy	05-Mar-03	The Kakanj Urbanism Plan needs to be readjusted.	The Mayor requested certain changes to the Urbanism Plan.
LG Self-initiative	Laws & Regulations	Zenica LG Responsiveness & Advocacy	10-Mar-03	The municipality of Zenica should have a development agency.	The Municipality established a Municipal Development Agency.
LG Self-initiative	Laws & Regulations	Zenica LG Responsiveness & Advocacy	10-Mar-03	The municipality of Zenica needs a Business Zone.	The Municipality established a Business Zone in the municipality.
LG Self-initiative	Laws & Regulations	Zenica LG Responsiveness & Advocacy	10-Mar-03	The Municipality of Zenica should develop a Business Incubator.	The Municipality elaborated a framework for the establishment of a Business Incubator.
LG Self-initiative	Laws & Regulations	Kresevo LG Responsiveness & Advocacy	13-Mar-03	Municipality Kresevo lacks a Land Use Plan.	The Mayor raised the initiative for the elaboration of a Land Use Plan.
LG Self-initiative	Laws & Regulations	Kresevo LG Responsiveness & Advocacy	15-Mar-03	A domestic investor (external to Kresevo) expressed its interest in establishing a production facility within the Kresevo area. The facility would grow and process mushrooms for the market. The investor requested that the Kresevo Municipality provide land free of charge as a method of contributing towards the economic development initiative.	The Municipal Government invited the DC to participate in the decision making process as to whether this allocation of land was worthwhile. The Municipal Government and the DC Made a joint decision to approve the allocation of land to the investor.
LG Self-initiative	Laws & Regulations	Vitez LG Responsiveness & Advocacy	17-Mar-03	Some of the businessmen do not have enough money to pay for the building permit. Therefore, the municipality should authorize the payments to be paid through installments.	The Municipality Council decided that businessmen would be given the opportunity to pay their building permit through monthly installments.
LG Self-initiative	Laws & Regulations	Kiseljak LG Responsiveness & Advocacy	10-Apr-03	The Kiseljak municipality needs a new Urbanism Plan.	The Mayor raised the initiative for the elaboration of a new Urbanism Plan.

REZ	Laws & Regulations	Enterprise Network (REZ)	30-Apr-03	The word CAPITAL is interpreted differently in economics, laws and accounting.	The Parliament of F BiH decided to change and harmonize the definition of the word CAPITAL in the Federation laws and practice.
REZ	Laws & Regulations	Enterprise Network (REZ)	30-Apr-03	Companies in F BiH have to pay mandatory membership fees to the Crafts Chambers although no services are provided in return.	The Parliament of F BiH decided to change the Federal Crafts Chamber's membership from mandatory to voluntary.
REZ	Laws & Regulations	Enterprise Network (REZ)	30-Apr-03	The laws and regulations within the Federation entity related towards the trade in vehicles (sale, purchase, etc.) were creating an uncompetitive environment compared to the RS.	The Parliament of F BiH decided to harmonize their laws related to the trade in vehicles with RS.
REZ	Laws & Regulations	Enterprise Network (REZ)	30-Apr-03	The law prevents Companies from seeking damages or executing claims against multiple bank accounts from the respondent company. The respondent company can simply open up alternative bank accounts and leave the only executable bank account empty!	Parliament of F BiH decided to allow for execution of claims against all of the respondent companies bank account.
REZ	Laws & Regulations	Enterprise Network (REZ)	30-Apr-03	The process for obtaining CEMT Truck Licenses is extremely difficult.	The Parliament of F BiH decided to change and simplify the process of obtaining CEMT Truck Licenses.
REZ	Laws & Regulations	Enterprise Network (REZ)	30-Apr-03	Mandatory membership fees must be paid by companies to the Crafts Chamber although no services are provided in return.	The Parliament of RS decided to change the Federal Craft Chamber's membership from compulsory into voluntary.
REZ	Laws & Regulations	Enterprise Network (REZ)	10-May-03	Mandatory membership and payment of membership fees by companies to the Entity Chambers of Commerce and Foreign Trade (Federation Entity) although no services are provided in return.	The Parliament of F BiH decided to change the Federal Chamber's mandatory membership into voluntary.
REZ	Laws & Regulations	Enterprise Network (REZ)	10-May-03	No services offered by the Cantonal Chamber of Commerce to their members despite paying membership fees.	The Parliament of F BiH decided to change the Cantonal Chamber's membership from compulsory into voluntary.
REZ	Laws & Regulations	Enterprise Network (REZ)	10-May-03	Mandatory membership and payment of membership fees by companies to the Entity Chambers of Commerce and Foreign Trade (RS Entity) although no services are provided in return.	The Parliament of RS decided to change the Chamber's membership from compulsory into voluntary.

REZ	Laws & Regulations	Enterprise Network (REZ)	12-Jun-03	The Construction Land Law is out of date and does not recognize any "private capital".	The Parliament of F BiH decided to change and improve the Construction Land Law – and provide provisions for private capital.
LG	Laws & Regulations	Visoko LG Responsiveness & Advocacy	20-Jul-03	The Mayor asked cantonal ministry for help in implementation of Property Laws.	The Mayor gets help from cantonal ministry for implementation of Property Laws.
LG Self-initiative	Laws & Regulations	Zenica LG Responsiveness & Advocacy	10-Aug-03	The Zenica municipality needs a development strategy.	The Municipality created Municipal Development Strategy.
LG Self-initiative	Laws & Regulations	Zenica LG Responsiveness & Advocacy	10-Aug-03	The Municipality expressed their need for an agricultural co-op.	The Municipality established an agricultural cooperation.
Association	Laws & Regulations	Fojnica DC Advocacy Capacity Building	15-Sep-03	DC and Employment bureau signed partnership agreement. The aim of agreement is future cooperation on employment young people in municipality.	The Municipal council accepted DC's initiative for reorganization of taxi space in center of municipality with a purpose of enabling easier supply to the several DC members and free traffic through the main street in town.
REZ	Laws & Regulations	Regional Development Agency (REZ)	25-Apr-04	In accordance with the BiH Election Law, the Municipal Council is the body that votes for the position of the Mayor. This voting procedure hinders the citizens in having a say in the Mayoral election.	The Parliament of FBiH adopted changes to the BiH Election Law allowing direct voting at the elections for the position of the Mayor.
Association	Laws & Regulations	Zenica DC Advocacy Capacity Building	30-Jun-04	Business in Zenica municipality is facing a couple of problems: the taxes for having summer gardens in front of cafes and restaurants are very high; the period during which these summer gardens can be open is quite limited (only during summer months); certain streets in the center of town, where many businessmen have their offices, are closed to traffic.	The Mayor signed an Agreement allowing summer garden usage during the entire calendar year. Payments for summer gardens will be made against period of summer garden usage.

Services					
Level Name	Type	Project Name	Date	Problem Identification	Effective Action
Association	Services	Busovaca DC Advocacy Capacity Building	21-Jan-02	DC Busovaca does not have enough money for renting office space.	The Municipality provided an office to the DC free of charge.
Association	Services	Kiseljak DC Advocacy Capacity Building	01-Feb-02	DC Kiseljak does not have enough money for renting office space.	The Municipality provided an office to the DC free of charge.
Association	Services	Maglaj DC Advocacy Capacity Building	15-Feb-02	DC Maglaj does not have enough money for renting office space.	The Municipality provided an office to the DC free of charge.
Association	Services	Novi Travnik DC Advocacy Capacity Building	10-Mar-02	DC Novi Travnik does not have enough money for renting office space.	The Municipality gave office space to the DC at a very low price.
Association	Services	Travnik DC Advocacy Capacity Building	13-Apr-02	DC Travnik does not have enough money for renting office space.	Municipality gave an office to the DC free of charge.
Association	Services	Zavidovici DC Advocacy Capacity Building	15-May-02	DC Zavidovici does not have enough money for renting office space.	Municipality gave an office to the DC free of charge.
Association	Services	Busovaca DC Advocacy Capacity Building	27-May-02	DC Busovaca does not have enough money for renting office space.	Municipality gave a bigger office to the DC free of charge.
Association	Services	Zenica DC Advocacy Capacity Building	30-May-02	DC Zenica does not have enough money for renting office space.	Municipality gave an office to the DC free of charge.
Association	Services	Kresevo DC Advocacy Capacity Building	15-Jun-02	The Municipality does not have enough money to support the training of 4 firefighters or to buy equipment for the firefighter truck that was donated by the Government of the UK.	Companies that are members of the DC collected 20.000 KM for the training of 4 firefighters, and for equipment purchase for the firefighter truck that was donated by the UK. Before this action, there were no equipped trucks to cover the municipality. This is very important to the companies as some of them work with very flammable substances (Styrofoam production).
Association	Services	Kiseljak DC Advocacy Capacity Building	20-Jun-02	The Tourist Community Agency collects tax money from companies but does not offer any service in return. The Kiseljak municipality does not even have a tourist and economy guide.	The Municipality, Tourist Community Agency and the DC Board made an agreement to elaborate a joint tourist and economy guide for Kiseljak Municipality, which would be financed through the Tourist Community Agency out of the money collected through tourist tax payments from companies.

Association	Services	Kresevo DC Advocacy Capacity Building	24-Jun-02	There is no gas pipeline system existing in the Kresevo municipality.	The Kresevo Municipality accepted DC's initiative to install a gas pipeline system in Kresevo, and make it available to companies and homes. Such a system would decrease the companies' production costs. The Municipality gave authority to one of the DC members to start the process.
LG Self-initiative	Services	Busovaca LG Responsiveness & Advocacy	05-Jul-02	The police currently practice administrative discrimination when registering vehicles (i.e.: Croats are able to register their vehicles in 1 day as opposed to Bosniaks who require 7 days).	The Mayor sent a letter to the President of the Federation with the initiatives to stop the administrative discrimination the Municipal police office practices when registering vehicles. The Croats are able to register their vehicles in 1 day as opposed to Bosniaks who require 7 days).
Association	Services	Busovaca DC Advocacy Capacity Building	15-Jul-02	DC Busovaca doesn't have money to publish its Business Guide.	The Municipality provided financial support to DC Busovaca in the amount of 720 KM for the publishing of their Business Guide.
Association	Services	Tesanj DC Advocacy Capacity Building	20-Jul-02	DC Tesanj does not have enough money for renting office space.	The Municipality gave permission to the DC to use the entire that, before the war, belonged to the Handcrafts Community (Zanatska udruga).
Association	Services	Kresevo DC Advocacy Capacity Building	22-Jul-02	The garbage disposal depot is not adequate. Kresevo municipality needs a new one.	The Municipality agreed to move the existing garbage disposal area to a new location. A fund for the financing of this activity has been created, and this task was delegated to the DC.
Association	Services	Maglaj DC Advocacy Capacity Building	26-Jul-02	The Municipal Council decided to forbid Driving Schools in Maglaj to use the previous testing area for coaching their clients. There is no alternative area, and according to the law every municipality has the obligation to provide one.	The Municipality accepted DC Maglaj's initiative against the Municipalities Council's decision to forbid the use of a certain area as the testing area for Driving Schools.
Association	Services	Busovaca DC Advocacy Capacity Building	03-Sep-02	The DC lacks money to participate in the ZEPS fair.	The Municipality provided 500 KM to the DC as financial support for the ZEPS fair.
Association	Services	Maglaj DC Advocacy Capacity Building	02-Oct-02	The DC considers that there is a need to prevent the black market trade of agricultural produce that is highly taxed.	The Mayor increased the number of inspectors and policemen dedicated to prevent the trafficking of agricultural produce within the high taxed green good market.
LG Self-initiative	Services	Kiseljak LG Responsiveness &	15-Nov-02	The Municipality lacks an Info Center and necessary computer system to provide	The Municipality participated with 105.275 KM in Info Center construction (cost-sharing in

		Advocacy		municipal services (cost-sharing in MEDI project).	MEDI project).
LG Self-initiative	Services	N.Travnik LG Responsiveness & Advocacy	15-Nov-02	The Municipality lacks an Info Center and necessary computer system to provide municipal services (cost-sharing in MEDI project).	The Municipality decided to conduct computer networking within the municipality on their own, as well as invest 40.000 KM in Info center construction (cost-sharing in MEDI project).
LG Self-initiative	Services	Travnik LG Responsiveness & Advocacy	20-Nov-02	The Municipality lacks an Info Center to provide services (cost-sharing in MEDI project).	The Municipality invested 87.543 KM in Info Center construction (cost-sharing in MEDI project).
Association	Services	Fojnica DC Advocacy Capacity Building	05-Jan-03	DC Fojnica does not have enough money for renting office space.	Municipality gave an office to the DC free of charge.
Association	Services	Fojnica DC Advocacy Capacity Building	05-Jan-03	The Federation Government Tax Office proposed to close their office in Fojnica and to move their administrative function to Kiseljak. This would affect business owners (and the general public) as it would make the process of paying taxes more time consuming and costly.	Through their efforts the Fojnica DC convinced the Municipal Council to establish a decision to prevent the Tax Office from being removed from Fojnica. The Municipal Council on behalf of the DC was in discussion with the Tax Office authorities for the purpose of preventing the move.
LG Self-initiative	Services	N.Travnik LG Responsiveness & Advocacy	20-Jan-03	The businesses from N. Travnik have increased expenses because the shortest road to Bugojno is unsuitable for commercial traffic.	A Consortium for the construction of a new road from Novi Travnik to Bugojno has been formed.
LG	Services	Kresevo LG Responsiveness & Advocacy	23-Jan-03	The Municipality needs additional money in order to perform the rehabilitation of the Kresevo-Kiseljak road that is damaged.	The Cantonal government provided financial support for the rehabilitation of the Kresevo-Kiseljak road.
LG Self-initiative	Services	Zavidovici LG Responsiveness & Advocacy	05-Feb-03	The Municipality lacks an Info Center and necessary computer system to provide municipal services	The Municipality invested 35.838 KM in Info Center construction (cost-sharing in MEDI project).
LG Self-initiative	Services	Kresevo LG Responsiveness & Advocacy	15-Feb-03	The Municipality lacks an Info Center and necessary computer system to provide municipal services	The Municipality invested 12.281 KM in Info Center construction (cost-sharing in MEDI project).
LG Self-initiative	Services	Fojnica LG Responsiveness & Advocacy	27-Feb-03	The Municipality lacks an Info Center and necessary computer system to provide municipal services	The Municipality invested 8.853 KM in Info Center construction (cost-sharing in MEDI project).
LG Self-initiative	Services	Kakanj LG Responsiveness & Advocacy	27-May-03	The Municipality lacks a Call Center to provide information to citizens	The Municipality started providing a new service – 24-hour open telephone line for information, suggestion etc).

LG Self-initiative	Services	N.Travnik LG Responsiveness & Advocacy	13-Jun-03	As part of the raised awareness through MEDI project the need for BTC in N. Travnik was identified by Mayoer and the Council	Business Transaction Center (BTC) established in Novi Travnik Municipality.
LG	Services	Kresevo LG Responsiveness & Advocacy	14-Jun-03	The quarry Volujak is too near to the main water supply (spring) of the Kresevo Municipality.	Based on Kresevo Municipalities' request, the Federation Water Inspection closed down the Volujak quarry Volujak for water quality protection.
LG Self-initiative	Services	Zepce LG Responsiveness & Advocacy	20-Jun-03	The Municipality lacks an Info Center and necessary computer system to provide municipal services	The Municipality invested 19,194 KM in Info Center construction (cost-sharing in MEDI project).
LG	Services	Kresevo LG Responsiveness & Advocacy	25-Jun-03	The Municipality needs additional money in order to perform the rehabilitation of the Kresevo-Lepenica road that is damaged.	The Cantonal government provided financial support for the rehabilitation of the Kresevo-Lepenica road.
LG Self-initiative	Services	Tesanj LG Responsiveness & Advocacy	24-Aug-03	The Municipality lacks an Info Center and necessary computer system to provide municipal services	The Municipality invested 33.000 KM in Info Center construction (cost-sharing in MEDI project).
LG Self-initiative	Services	Maglaj LG Responsiveness & Advocacy	15-Dec-03	The municipality was not able to process business registration applications in the time required by the law.	The Mayor restructured staff responsibilities to reduce business registration processing time from 45days to 30 days, meeting local law requirements.
LG Self-initiative	Services	Maglaj LG Responsiveness & Advocacy	20-Jan-04	The growing cooperatives lack necessary skills in elaborating project proposals to international donors. The Municipality didn't offer support to such kind of activities.	The Mayor introduced new municipal services that will provide advice and support growing cooperatives in preparing project proposals.
LG Self-initiative	Services	N.Travnik LG Responsiveness & Advocacy	28-Mar-04	There are a number of outstanding issues in the area: poor infrastructure; non-existent land use plans; bad central heating system, etc.	The Mayor prepared a list of priority investment projects in 2004 (land use plan; central system heating etc. included).
LG	Services	Maglaj LG Responsiveness & Advocacy	12-Apr-04	The existence of a considerable number of illegal trades at the green market present a problem that such activities just enhance the black market.	The Cantonal Department for Inspections recognized this problem and made necessary steps towards a better market control.
LG	Services	Vitez LG Responsiveness & Advocacy	12-May-04	The town of Vitez suffered a lot of damage during a big flood. The municipality needs additional funds in order to start with necessary rehabilitation.	The Central Bosnia Canton approved the amount of 20,000.00 KM as support to Vitez municipality for the rehabilitation of areas damaged by the flood.
Association	Services	Travnik DC Advocacy	19-Jun-04	UNDP requested from the Municipality the	The Municipality accepted the DC proposal to

		Capacity Building		elaboration of a project that would enable the realization of UNDP's "SUTRA" project. The "SUTRA" (Sustainable Transfer to Return-related Authorities) project is a joint EU, UNDP and MHRR undertaking, in cooperation with entity line ministries that aims at strengthening the local authorities on central and municipal level.	be included in the preparations for UNDP's "SUTRA" project.
LG Self-initiative	Services	N.Travnik LG Responsiveness & Advocacy	15-Jul-04	DC Novi Travnik does not have enough money for renting office space.	The Mayor provided the DC with an office free of charge in the Municipal building as a part of the BTS.

Taxes					
Level Name	Type	Project Name	Date	Problem Identification	Effective Action
Association	Taxes	Novi Travnik DC Advocacy Capacity Building	25-Apr-02	The municipal taxes on temporary kiosks and summer tables in front of cafes are very high.	An action by the DC with the municipal Head of the Economic and Finance Department led to the reduction of taxes for temporary space for kiosks, and summer tables in front of cafes.
Association	Taxes	Novi Travnik DC Advocacy Capacity Building	25-Apr-02	There should be a taxation system on summer tables depending on their location within the city (downtown locations should be the highest taxed).	The municipality developed a taxation ranking system depending on the location of the kiosk/tables. The further these facilities were from the center - the lower the tax.
Association	Taxes	Zenica DC Advocacy Capacity Building	01-Jul-02	The Tourist Tax in Zenica is one of the highest in FBiH - it is calculated on the basis of yearly profit.	The Municipal Council accepted DC's proposal in regard to the tourist tax calculation on profit, and excluded Zenica from the highest tourist tax category.
Association	Taxes	Novi Travnik DC Advocacy Capacity Building	18-Jul-02	The DC considers the Tourist Tax to be unnecessary and too high.	The DC succeeded in mobilizing the Chamber of Commerce to write a letter to the Federal Ministry asking for a reduction of tourist taxes.
Association	Taxes	Zepce DC Advocacy Capacity Building	25-Jul-02	The tax on city land use in Zepce is not appropriate and needs to be reduced.	The Mayor overruled the decision of the Municipal Council and decreased the high tax on land use.
Association	Taxes	Maglaj DC Advocacy Capacity Building	09-Sep-02	The municipal tax on use of testing area for driving schools is too high.	The Municipal Urbanism Department decreased the tax on the use of testing area that driving schools in Maglaj have to pay from 1.200 KM to 500 KM per year.
Association	Taxes	Novi Travnik DC Advocacy Capacity Building	19-Sep-02	The tax on construction of property in the Municipality is too high.	The Municipality decreased the tax on construction of properties by 80%.
Association	Taxes	Zenica DC Advocacy Capacity Building	14-Nov-02	The procedures for issuing tax certificates are too complicated, and the Federal Ministry of Finance needs to interpret the tax law in a more favorable way for the businesspeople.	In response to the Zenica DC's written initiative from August 2002, the Federation Ministry of Finance confirmed in writing that the DC's interpretation of the reinvestment by compensation clause of the Federal Tax Law was Correct., and that the municipal inspectors interpretation of the law was incorrect. This confirmation by the Federation Ministry enabled a more favorable outcome for business owners.

Association	Taxes	Travnik DC Advocacy Capacity Building	25-Feb-03	Rule of Law: Central Bosnia Cantonal Tax inspectors were misinterpreting the law and stating that SURs (private proprietorships) do not have rights for certain tax exemptions when operating their businesses. The Tax Inspectors wanted to enforce the payment of this tax plus penalties.	After the DC initiative towards the CB Ministry of Economy, the Cantonal Minister provided the DC with a letter clarifying clearly what the law is; the SURs are eligible for the Tax Exemption. This ministerial letter was distributed widely throughout the REZ network and is used when Tax Inspectors attempt to misinterpret the law.
REZ	Taxes	Enterprise Network (REZ)	30-Apr-03	Companies having offices in both Entities have to pay double taxes.	Parliament of F BiH, RS and Brcko District decided to terminate Double Corporate Revenue Taxation.
REZ	Taxes	Enterprise Network (REZ)	30-Apr-03	All construction within the RS Entity requires the payment of a 2% "atomic shelter" tax. This tax is charged against the total value of the capital investment. This tax is paid to the municipality.	The Parliament of RS decided to remove completely this atomic shelter tax.
REZ	Taxes	Enterprise Network (REZ)	30-Apr-03	All construction within the RS Entity requires the payment of a 2% "atomic shelter" tax. This tax is charged against the total value of the capital investment. and is paid to the municipality.	The Parliament of FBiH decided to remove completely the compulsory atomic shelter tax.
REZ	Taxes	Enterprise Network (REZ)	30-Apr-03	The Federal Law on Forestry demands from companies compulsory payments calculated on the basis of their yearly income - as opposed to their yearly profit.	The Parliament of F BiH decided to remove the law on compulsory payment of 0,1 % from the companies' yearly income for forestry products.
Association	Taxes	Visoko DC Advocacy Capacity Building	25-Dec-03	The fees for city land use had accumulated over the years for certain businesses and were carried over when these businesses privatized. The recently privatized businesses were unable to cover these previous costs while starting up operations.	The Municipality waived the previously accumulated land use tax for the recently privatized companies. The Municipal Council also promised to start working on the decrease of this tax at the level of the entire Municipality.
LG	Taxes	Maglaj LG Responsiveness & Advocacy	29-Jan-04	The Canton allocates only 20% of public funds from taxes on goods and service trade to the Municipality. This percentage is too low and does not allow the Municipality to provide basic services.	The Cantonal Parliament adopted changes to the Law on allocation of public funds and increased the rate from 20% to 30%. However, this decision will affect only less developed municipalities (Maglaj, Zepce, Usora, Doboj-jug, Olovo and Vares).

REZ	Taxes	Regional Development Agency (REZ)	02-Feb-04	The basis for the accounting of salaries in the catering business (restaurant, café owners) was not equal to other businesses. (craftsmen or trade). The current regulation obliges the catering business owners to use the average FBiH salary (the minimum average salary approximately 520 KM) as the basis for tax and employees contributions. The catering business owners put forward an initiative to decrease the basis for the salary accounting down to 55% percent of the average salary in FBiH as in other type of businesses.	The Parliament of F BiH adopted changes to the Law of Salary Tax. The Law balanced the salary basis for restaurant and café owners with other types of service providers/businesses.
Association	Taxes	Zavidovici DC Advocacy Capacity Building	20-Mar-04	The communal taxes are lower in the neighboring municipalities.	The Municipal council decreased the communal taxes and balanced them with taxes of the neighboring municipalities.
REZ	Taxes	Regional Development Agency (REZ)	10-May-04	Imbalanced conditions for businesses in RS and FBiH in relation to trade with natural and artificial fertilizers, plant protective materials, as well as all kinds of seeds and seed materials. Employers in RS do not pay tax on the above-mentioned product trade, while in the Federation the taxation amounts 10%.	The Federal Parliament adopted changes to the Law and equalized the FBiH taxes on natural and artificial fertilizers, plant protective materials and all kinds of seeds and seed materials with the RS taxation system (tax free).

Transparency					
Level Name	Type	Project Name	Date	Problem Identification	Effective Action
Association	Transparency	Zavidovici DC Advocacy Capacity Building	11-Dec-02	The Municipality lacks public hearings that would recommend where the municipality can lower taxes/fees that impede business activities.	The Municipal Council agreed to conduct an up to one month-long public hearing for the purpose of reviewing municipal fees and taxes that impede business activity within municipality (with the implied possibility of reducing these fees/taxes).
Association	Transparency	Zenica DC Advocacy Capacity Building	23-Jun-03	The businessmen are not involved in the preparation of the Zenica Industrial Zone project. They are not aware of the advantages and disadvantages of this project and the only information they get is through the media.	The Mayor organized a round table for businesspeople regarding the municipal project - "Industrial zone - Steel factory Zenica".
Association	Transparency	Zenica DC Advocacy Capacity Building	26-Jun-03	There is no coordination between the businesspeople and the Tax Office.	The Head of Tax Office and the Chief Inspector agreed to have regular, monthly joint meetings with the DC.
Association	Transparency	Zavidovici DC Advocacy Capacity Building	15-May-03	The fees for city land use (KGZ) considered too high.	The Municipal Council decided to form a working group (4 business representatives, 4 Municipal Council and 4 Mayoral representatives) in order to investigate the decision of the Municipal Council regarding the city land use, communal taxes and city zone.
Association	Transparency	Zenica DC Advocacy Capacity Building	15-Dec-03	The business community was not fully engaged in the development of the Municipal Economic Plan. As such, many aspects of the plan were flawed and not supported by businesses.	The business association not only took action to be included in the planning, but also applied for funding to improve the Municipal Economic Plan in collaboration with the municipality. The new plan will address the concerns originally voiced by the business community.
Association	Transparency	Busovaca DC Advocacy Capacity Building	16-Dec-03	The Busovaca municipality invited European consultants and academics to assist in the development of the Municipal Economic Plan but did not invite the local business association to participate.	The business association not only took action to be included in the planning, but also applied for funding to support the municipal economic planning process. The business association, as an NGO, was able to apply for funds through ADF for the greater benefit of the municipality and in support of public-private partnerships.

Association	Transparency	Zavidovici DC Advocacy Capacity Building	15-Mar-04	The business people in Zavidovici are not well enough acquainted with the work and jurisdictions of the Cantonal Inspection Department.	The Cantonal Inspection Department started issuing and distributing brochures to the members of the business association, which cover detailed information on the work of the Department.
Association	Transparency	Visoko DC Advocacy Capacity Building	28-Apr-04	The business community (DC) in Visoko was not fully engaged in the development of the Municipal Economic Plan. This resulted in the elaboration of a Plan, which was not supported by businesses.	In order to create a more advanced and developed municipality, as well as better external cooperation, the Municipality of Visoko agreed to create a Joint Cooperation Protocol, which would be signed between the Municipal Department of Economy and DC Visoko
Association	Transparency	Visoko DC Advocacy Capacity Building	12-May-04	There is a lack of coordination between the Municipal Department of Economy and DC Visoko.	A Partnership Cooperation Agreement was signed between the Municipal Department of Economy, the Employment Bureau, and DC Visoko regarding the Public Stand project, and in order to improve the development of Visoko municipality.
LG	Transparency	Vitez LG Responsiveness & Advocacy	21-May-04	Municipality of Vitez should create a Spatial Plan, which should be developed in accordance with the needs stated by the Spatial Department of FBiH.	The Contract for the development of a Spatial Plan for Vitez municipality was signed.
LG Self-initiative	Transparency	Vitez LG Responsiveness & Advocacy	15-Jun-04	In the past, the Municipality of Vitez used to elaborate its Spatial Plan without any transparency.	The Mayor brought the decision to create a Municipal Council that would be in charge of the elaboration of the Spatial Plan.
LG Self-initiative	Transparency	Vitez LG Responsiveness & Advocacy	16-Jun-04	Young people in the municipality of Vitez are lacking access to information on education, employment, etc.	The Mayor established a project called the "Info-Desk for Young People" in order to provide to them all necessary information for education, employment, etc.

Other					
Level Name	Type	Project Name	Date	Problem Identification	Effective Action
Association	Other	Kiseljak DC Advocacy Capacity Building	10-May-02	A family that lost their son due to a mine accident needed 2.000 KM of support.	After lobbying from the Kiseljak DC, the Municipal Council provided 2.000 KM to the family of the boy who was killed in the mine incident.
LG Self-initiative	Other	Busovaca LG Responsiveness & Advocacy	05-Jul-02	The Busovaca dairy company is in financial distress and needs support from the Federation Government to be able to continue with its production.	The Mayor sent a letter to the President of the Federation asking for financial support for the start-up of Busovaca dairy company.
LG Self-initiative	Other	N.Travnik LG Responsiveness & Advocacy	12-Aug-02	The Municipality has difficulty collecting communal taxes from companies.	On a joint meeting with the Municipality, the DC was asked to support the collection of a communal taxes initiative. The DC sent letters to all companies urging them to pay the taxes on time.
Association	Other	Kresevo DC Advocacy Capacity Building	18-Sep-02	The Nova Bila is having severe financial problems.	DC collected 1.500 KM of financial support to the local hospital.
Association	Other	Zepce DC Advocacy Capacity Building	23-Sep-02	The DC doesn't have enough money to participate at the ZEPS Fair.	The Municipality provided financial support to the DC so that it could participate at the ZEPS Fair.
Association	Other	Maglaj DC Advocacy Capacity Building	02-Oct-02	Certain illegal speed limitation obstacles on the road were built and need to be removed.	The Mayor ensured that the municipality would remove all unnecessary speed limitation obstacles on the municipal roads.
LG Self-initiative	Other	Tesanj LG Responsiveness & Advocacy	14-Oct-02	The Municipality doesn't have enough financial resources to support the construction of a sports hall building.	The Mayor consulted DC members to financially participate within the construction of the sports hall building. Total investment of the project is 1.5 million KM. By participating financially these members would become shareholders of the sports hall.
LG Self-initiative	Other	N.Travnik LG Responsiveness & Advocacy	22-Jan-03	The DC needed to have an Assembly and a Board.	The Mayor set forward the initiative to establish a DC Assembly and Board.
LG Self-initiative	Other	Maglaj LG Responsiveness & Advocacy	03-Jun-03	The municipality needs to publish a municipal tour guide.	The Mayor supported the publication of a municipal tour guide.

Association	Other	Zenica DC Advocacy Capacity Building	26-Jun-03	Financial Inspectors were ordering the closures of companies with no apparent legal basis.	The Head of Tax Office and the Chief Inspector provided a written decision that in future there would be no shutting down of companies without a clear legal basis
LG Self-initiative	Other	Visoko LG Responsiveness & Advocacy	15-Jul-03	Business and trading opportunities for local business owners are still limited.	The LG organized a summer fair focusing on the presentation of trade and external investment opportunities..
LG Self-initiative	Other	Kakanj LG Responsiveness & Advocacy	20-Aug-03	Business and trading opportunities for local business owners are still limited.	The LG organized a summer fair focusing on presenting trading opportunities and external investment opportunities.
Association	Other	Zenica DC Advocacy Capacity Building	09-Sep-03	There is little or no cooperation between the business community and the Employment Bureau (EB) in Zenica for the purpose of developing the labor market.	The Zenica DC and the EB signed a partnership agreement for the purpose of improving opportunities for youth in Zenica. The DC will advise the EB on labor market demands and support employment referrals.
Association	Other	Kakanj DC Advocacy Capacity Building	16-Nov-03	DC Kakanj did not have the financial resources to sustain their association and requested municipal support.	The Mayor approved 200,00 KM to CDC Kakanj, a symbolic move in support of the business community and public-private partnerships.
Association	Other	Travnik DC Advocacy Capacity Building	10-Dec-03	Travnik municipality had no recorded public-private partnerships in recent history.	The municipality and the CDC organized and widely advertised the first public-private partnership in Travnik (New Year's celebration activities). This successful partnership is hoped to spur future collaboration.
LG	Other	Zepce LG Responsiveness & Advocacy	12-Dec-03	The Zepce municipality was facing a budget deficit. In these cases, there is a tradition of raising taxes for the business community.	The municipality applied for Federal funds and was approved for 25,000 KM, allowing the business tax rate to remain unchanged.
LG	Other	Kresevo LG Responsiveness & Advocacy	12-Dec-03	The Kresevo municipality was facing a budget deficit. In these cases, there is a tradition of raising taxes for the business community.	The municipality applied for Federal funds and was approved for 20,000 KM, allowing the business tax rate to remain unchanged.
Association	Other	Travnik DC Advocacy Capacity Building	07-Jan-04	Travnik municipality had only one recorded public-private partnership in recent history.	The municipality and the CDC organized and widely advertised a public-private partnership in Travnik (humanitarian fundraising action for people in Iran that were affected by an earthquake). This successful partnership is hoped to spur future collaboration.

Association	Other	Novi Travnik DC Advocacy Capacity Building	14-Jan-04	N.Travnik municipality had no recorded public-private partnerships during the last year with the DC.	The Municipality and the DC organized and widely advertised a public-private partnership in N. Travnik (humanitarian fundraising action for people in Iran that were affected by an earthquake). This successful partnership is hoped to spur future collaboration.
Association	Other	Busovaca DC Advocacy Capacity Building	15-Feb-04	The CDC lacks funds for necessary office equipment.	The Mayor approved 1000 KM as financial support to the CDC.
Association	Other	Tesanj DC Advocacy Capacity Building	10-Mar-04	The CDC was experiencing funding shortfalls.	The CDC was included into the 2004 municipal budget and will receive an amount of 2,400 KM (200 KM per month).
Association	Other	Tesanj DC Advocacy Capacity Building	15-Mar-04	The CDC did not have enough funds to cover the cost of the "Tesanjski dani biznisa" fair.	The Cantonal government approved an amount of 3,000 KM for the realization of the "Tesanjski dani biznisa" fair.
Association	Other	Fojnica DC Advocacy Capacity Building	20-Mar-04	The CDC lacked funds for necessary office equipment.	The Mayor approved 1,500 KM as financial support of the CDC.
LG Self-initiative	Other	N.Travnik LG Responsiveness & Advocacy	25-Mar-04	Large number of municipal administration employees.	As per OSCE pilot project for the municipality of Novi Travnik, the Mayor wrote a new document for municipal administration systematization, which states that the number of employees has decreased from 61 to 45. This will improve the municipal service provision.